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23 August 1982

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No. 2559

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## SALVADORAN BUSINESSMEN NOT TO ACCEPT HONDURAN PROPOSAL

San Salvador EL MUNDO in Spanish 23 Jun 82 p 2

[Text] "Salvadoran industrialists are not in a position to accede to the proposals of Honduras within the Bilateral Trade Agreement, in view of the protection requested and the current economic condition of our country," leads off a communique of the Salvadoran Industrialists Association (ASI) which continues as follows:

"ASI sources let this be known a few days after a meeting of the Joint Commissions of the two countries held in the Honduran capital to seek a way to increase the fluidity of their trade.

"The informants said that after the new round of negotiations, which took place the week before, the Honduran position became known, and it calls for duties on Salvadoran exports that are frequently higher than those which Honduras has negotiated with other countries of Central America, despite the fact, it was added, that in accordance with the Honduras-El Salvador Bilateral Treaty, our country has a right to preferential treatment as stated in the 'most favored country' clause.

"Despite the fact that the figures show Honduras has benefited more than El Salvador as a result of the treaty in question up to now, the neighboring country adduces that we Salvadorans could invade the Honduran market by reason of our greater development.

"It is pointed out that this fear would be justified were it not for the well-known fact that El Salvador is currently facing a crisis that has impaired its industrial and economic potential. Reference is made, for example, to the exodus of skilled workers at all industrial levels, and the problem of the lack of foreign exchange which forces Salvadoran industrialists to pay more for them in order to purchase raw materials and other things needed to keep the machinery of production in operation.

"Spokesmen of the ASI add that the worst part is that this is not a situation that will be surmounted in a short time, but just the opposite.

"Despite everything, the reluctance of El Salvador to grant preferential treatment to Honduras is pointed up, which does not precisely justify the adoption of duties against El Salvador that are higher than those Honduras grants to other countries of the region.

"The spokesmen of the ASI underscored that in view of the trade advantage that in a few months Honduras has had over El Salvador, according to the figures on hand, the neighboring country should take into account that it can sell to its Salvadoran colleague not only farm products, but manufactured products as well, a trade that could become bilateral and achieve the complementarity that existed under the Central American Common Market.

"On the other hand, it is pointed out that the need to have trade between the two countries following the breakup of the common market requires that Salvadoran economic officials meet as soon as possible with their Honduran counterparts in order to find a satisfactory solution to the problem and to restore trade between the two countries at the earliest possible time.

"The ASI thinks that the Salvadoran economic officials should make their Honduran counterparts aware of these latest facts in order to seek means of agreement that will make it possible to restore trade, particularly after the visit of President Magana to the sister country, following which it was announced that the treaty should be renewed as soon as possible for the sake of both countries.

"The ASI ends up by saying that the industrial sector of the country is not willing to continue negotiations at the level of the joint commissions while the economic ministries of El Salvador and Honduras do not clearly establish the terms of the deal, and while the representatives of the latter country do not adopt a more favorable attitude in those negotiations.

"San Salvador, 23 June 1981."

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CSO: 3010/1978

## CAMILION: FINANCIAL CIRCUMSTANCES DEMAND NEW ATTITUDES

Bahia Blanca LA NUEVA PROVINCIA in Spanish 17 Jul 82 p 2

[Commentary by Oscar Camilion]

[Text] We have received some suggestions that we take up once more the subject of the diplomatic implications of the Argentine foreign sector. This issue has become part of the national conscience, which is a positive development. When this writer took office as Minister of Foreign Relations, the first journalist to interview him asked him what, in his opinion, was the principal problem on the Argentine diplomatic front. His answer was that that problem was the foreign debt, which provoked reactions of surprise and some criticism, since it was felt that this constituted interference in the purviews of other ministries. This criticism, of course, was not very well informed, but above all it revealed the surprising lack of awareness at that time of the enormous problem of the indebtedness that had been incurred so quickly and with such marked irresponsibility.

The origin of the present foreign debt was the combined result of spending abroad on finished consumer goods of all kinds, prompted by the overvaluation of the peso; and the indebtedness of public and private enterprises to pay current expenses and purchase arms and services abroad, especially expenses for trips, airfare and tourism. Certainly some of these outlays have had positive results, which should be included in the inventory of capital goods that some firms decided to acquire. The balance of payments during those years also reflected expenditures abroad for royalties and especially earnings of companies that took advantage of the overvaluation of the peso by taking their investments and making remittances abroad.

It is difficult to determine today which of these items weighed most heavily on Argentina's accounts. From the broad perspective afforded by the embassy in Brazil, some appeared particularly painful. Between 1978 and 1980, for example, there was a dramatic increase in investments in trade between Argentina and Brazil. During the first of these years, Argentina had a surplus of over \$200 million, out of a total trade of more than \$1.6 billion. This result stemmed from sales by our country of products from more than 800 of the categories recognized in the LAFTA nomenclature, and purchases from Brazil of products included in more than 1,100 of those categories. By 1979, the first year when the "little schedule" was in

effect, Argentine sales had shrunken in scope to just over 550 products, and imports had expanded to more than 1,300 categories. We imported considerable amounts of mineral water, soap bars, and fresh onions. Of course, industrial sectors such as paper became highly profitable for Brazilian exporters. There were entire branches of industry in which Argentina had been a traditional net exporter, but became a net importer, with the total evaporation of sales to our neighboring country. In all these cases, the overvaluation of the peso left indelible marks, due to the complete disappearance of firms that had conquered positions on the foreign market, or the dismanteling of the marketing mechanisms that had been set up there, which are not easy to rebuild.

It is possible that between the reduction of exports and the growth of imports, the trade policy implemented between mid-1978 and March 1981 cost the foreign sector between \$6 billion and \$7 billion. Most of this amount, plus the invisible amounts corresponding to freight and insurance, contributed to the gross debt, which in turn was expanded by trips and excursions abroad (which at a given moment sent more than 5 percent of the total population out of the country, a truly fantastic figure), but most of all by the debt contracted by public and private enterprises that began acquiring dollars to meet the costs of internal indebtedness, and by the pig-headed policy that stated not a single additional peso would be printed to pay for the Treasury's deficits.

The problem is, there was a snowball effect which led to the situation we face now. Data revealed this week indicate that the total gross debt as of 31 December of last year reached more than \$35 billion. The projection for the end of this year is \$41 billion. In other words, the current account deficit predicted for 1982 will be over \$6 billion, more than 60 percent of our exports.

If current interest rates remain the same on the world market, the interest on the debt alone will amount to \$6 billion in 1983, a figure which this year represents that item plus the other deficit items of the services account, even those which are now payable only in foreign bonds. In fact, Argentina has to pay for freight, insurance, fares, royalties, earnings, and this year it may be able to take in something in the tourism sector. Consequently, it is entirely possible that by the end of 1983, when the future constitutional government is expected to be in office or close thereto, Argentina's gross foreign debt will be nearly \$50 billion. Current reserves apparently amount to just over \$3.5 billion, of which those freely available account for about one-seventh. Thus, the cycle that began on 24 March 1976 and lasted 7 years, will have more than quintupled the Argentine foreign debt, in current dollars. The comment made by someone to the effect that the dollar has been devalued in real terms, which is in fact true, does not diminish the magnitude of this accomplishment.

#### Diplomatic Implications

Even given the usual level of analysis in our country in the treatment of diplomatic problems, this new figure cannot be ignored as a factor to be

taken into account at the Palacio San Martin. In Brazil, for example, even shoeshine boys have a notion of the significance of the country's foreign debt. They know full well, for example, that Itamaraty's policy on the Middle East cannot exclude reflections on the oil dependency of the Arab nations and the financial dependency of the banks, also mostly Arab, that control international liquidity today. Suffice it to note that from now till the end of the year, Brazil must obtain \$7 billion on the world market to service its gross debt.

Argentina faces exactly the same situation, not made any easier by the Malvinas war and its consequences. In fact, the cost of money has gone up for our country. As we noted in another article, the Argentine "risk" rose for objective reasons as well as the simple fact that we waged a war against those who control the world market. The standard for measuring the interest rate paid for loans on the Eurodollar market is called, as is well known, the LIBOR, and the "L" is for London. LIBOR means London Interbank Borrowing Rate. Clearly, given the state of our international commitments, it is difficult for Buenos Aires to control opinions in the London market.

It is important to point out the snowball effect of indebtedness, once it begins. Once again, let us look at Brazil as an example. Brazil had a relatively comfortable external position until the oil crisis of 1973. The following year, the oil bill rose from \$800 million to more than \$3 billion, which created a trade balance deficit of exactly the difference between those two figures. Since then, because of the action of accumulated interest, Brazil's foreign sector has become a factory that manufactures deficits. Although the Brazilians have always been able to obtain the money necessary to balance the current account deficit through the capital account, the country's labor was mortgaged increasingly in advance to pay for that capital.

Naturally, Brasilia has been much more careful about its relations with Western nations, on whose financial markets it depends for the necessary resources. That fact should be carefully noted in Buenos Aires, to appreciate the great significance the support we received from Brazil during the Malvinas crisis. The same should be said for Mexico and the initiative taken by Foreign Minister Castaneda at a time when that country's external sector is in a highly dangerous crisis, due to the plunging sales and price of petroleum.

Argentine diplomacy cannot afford to ignore financial considerations in its next moves. There is not much doubt that regardless of the austerity measures taken in terms of the balance of trade, there will come a time when it will be necessary to renegotiate the debt. Theoretically, the renegotiation of a debt such as the one the country has today, basically incurred with private banks, must be carried out with the banks. In practice, however, political considerations are decisive here. In fact, the key to future relations with the United States is Washington's undeniable clout. This is even more evident if one bears in mind the unprecedented magnitude of what must be negotiated in the field of international finance.

### Novelty of the Situation

We would like to stress something we have already remarked upon in this column. The world financial situation is facing an unprecedented crisis. In order to understand it, we Argentines can use the example of our own financial system. The growing gap between accumulated interest (the supposed assets of the banking system) and the payment capacity of debtors was so great that at least 2 years ago it became apparent that the only alternatives were either a total moratorium or the liquidation, through inflation, of the principal of the debts.

In the international order, the situation is threatening to bring world finances to a similar point. Amid the recession that is preventing any significant growth in exports, the policy imposed at the Federal Reserve Bank by Paul Volcker has caused an extraordinary increase in the real interest rates paid by the entire world, affecting large debtors the most seriously.

It is not that it is impossible to pay the principal now; we are on the verge of a situation in which it is technically impossible to finance the accrued interest, because there is no possibility of the interest owed by most underdeveloped countries being paid with real resources. Nothing like this has ever happened before. There was always the remedy of austerity, of a lower standard of living, of paying the debt "by saving at the expense of hunger and thirst among Argentines," as Nicolas Avellaneda said. Today that can no longer be done. Within the framework of conventional wisdom and orthodox methods, the world financial system is broke. Among five Latin American countries and five socialist countries, the total amount of debt to the financial system exceeds \$330 billion.

The problem is that the financial resources needed to meet these obligations have dried up. Why? Because the price of oil has reached a ceiling. That ceiling was imposed by the underdeveloped countries themselves, which actually pay, directly or indirectly, the oil bill. There are no new financial resources; the petrodollar market ceased to obtain new income in June of last year, but the snowball of interest rates continues to gain, while it is expected that the unemployment rate in industrialized nations will pass the 30 million mark. This creates an additional vicious circle, because unemployment and recession operate to retard trade and to discourage imports from developing countries. On the other hand, they encourage competitive exports, with which Argentina has had a very unpleasant experience.

It is obvious that this situation demands an adequate response from Argentina, a response that can only come through active diplomacy with the countries where our creditor banks are headquartered, and with other major debtor nations. It is also clear that this line of action cannot be undertaken by those who, in our country, have been accomplices in the policy that led to the current situation of dependency, although personal considerations are irrelevant.

What we need is a new idea, a new attitude that necessarily includes an all-encompassing view of the problem and of the world scene. Actually, we

have reached the maximum expression of the contradiction between development and underdevelopment. Insolvency has become chronic. The only solution available is to create worldwide conditions of solvency, which was clear to anyone who cared to see it at the end of the fifties.

The dimensions of the danger, when Brazil returns to an inflation rate over 100 percent after a brief respite; when Mexico, the United States' neighbor, approaches three-digit inflation; when President Pinochet insists that he will not change his economic policy, which threatens to back Chile up against the wall; and when Argentina is once again threatened by hyperinflation, are literally unparalleled and frightening. This truly profound crisis is the principal reason for the serious threat of war that looms on the horizon, and that will not necessarily be prevented by the balance of terror.

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## POLITICAL GROUPS REJECT TRIPARTITE RULE PROPOSAL

## MNR Leader's Opinion

La Paz HOY in Spanish 22 Jun 82 p 12

[Text] "Bolivia is passing through a total political, economic, financial and moral crisis that is without equal in the history of the republic. The 'liberal democratic' institutional structure is decrepit and decayed. As we move forward we shall require a total transformation." These views were expressed by Roberto Jordan Pando, political director of the MNR [National Revolutionary Movement] for unity and renewal, in a statement distributed to the information media.

Jordan Pando discussed the situation that has prevailed in Bolivia following the general amnesty proclaimed by the government and the return of the political and labor union leaders, in conjunction with the threats made among military factions and attacks on government authority that have taken place.

He declared that ours has been a different country since 1980. A superstate has been established, he said, based on the narcotics traffic, which is an economic phenomenon that enjoys an extensive market made up of consumers in the United States and Europe. While Bolivia produces the raw material and the initial intermediate product, other countries are profiting from their conversion to industrial agriculture and the marketing of narcotics.

This regrettable irregularity shows no signs of abating, given the power of the marketplace, but is consolidating and concealing its activities--as in other countries--behind ostensibly legal activities, Jordan Pando said.

The MNR leader believes that a patriotic front must be formed--one that will inaugurate an historical political transition, that will constitute a government capable of inspiring national and international confidence. The resultant credibility will open the doors to financing from external sources for the purpose of solving the financial and monetary crisis.

The Torrelio administration is besieged by problems many of which are not being solved, Jordan Pando says, adding that there are those who believe a purely military cabinet or government--comprising the participation of the various military pressure groups--will resolve the crisis. A totally military government will not generate the credibility that is lacking, he said.

In his opinion, the solution would be for a patriotic front--one comprising nationally known figures of extensive repute and acknowledged respectability, political leaders of genuine competence, and representatives of power and pressure groups such as the Bolivian Labor Federation and the private sector--to confer with authentic intermediaries from the existing military groups and the haughty military regime within the armed forces, whose natural pyramid of command has "self-destructed."

Regarding the Malvinas situation, Jordan Pando declared that come what may, it will redound to Bolivia's benefit. New circumstances are being shaped in such a way, he said, as to enable Argentina to play a role in the region and in the world concert of nations.

He went on to say that whereas Europe turned its back on Argentina, Latin America has demonstrated its identification with--and support of--Argentina in its liberation struggle, because this chapter has not been closed. The Malvinas will not be the final battle; it merely marks the resumption of an historic action in behalf of independence.

As a leader of the MNR, Dr Roberto Jordan Pando went into exile following the coup d'etat of Garcia Meza in 1980. He believes that he will soon be returning to our country.

#### MNRI Leader's Views

La Paz HOY in Spanish 22 Jun 82 p 12

[Text] The departmental leader of the MNRI [National Revolutionary Movement of the Left], Dr Alcibiades Velarde, branded as "nonsense" the proposal that the nation be governed by the three candidates receiving the most votes at the recent general election in Bolivia. "It is impossible," he said, "for three heads of parties representing three different ideologies and three different platforms to govern."

He also said that it was not feasible for the congress of the former democratic regime to be restored to power in Bolivia.

He went on to say that there should be new elections, as the only way whereby the people--in the present crisis, which is primarily economic--will be able to make a united effort to emerge from the crisis, after they are first allowed to elect those who will govern them. If the opposite course is followed it will amount to just another hoax, and the people are in no condition to endure it.

Three elections have resulted in the election of a president, and if a new election is held we shall abide by the verdict of the people, the MNRI leader said.

Turning to a different subject, he denied that the signers of a statement by a so-called "labor command" of his party are members of the MNRI. "The party,"

he said, "rejects the ideas publicized by this spurious organization, which has demonstrated complete political irresponsibility; for these provocative attitudes will succeed only in delaying the achievement of the democratic aspirations of the Bolivian people.

"We denounce these maneuvers," he said in conclusion. "They are directed by the Far Left, which is attempting to infiltrate our party through the use of economic resources of criminal origin."

#### Statement of PS-1 Position

Santa Cruz EL MUNDO in Spanish 20 Jun 82 p 9

[Text] "The Socialist-One Party [PS-1] has requested the immediate and permanent withdrawal of the armed forces from the government, and has asked the Popular Democratic Union Front- UDP to compel respect for the verdict of three consecutive elections."

This position of the PS-1 was set forth at a press conference held yesterday during which its leaders called on those parties of the Left that were not implicated in the coup of 17 July 1980 to unite in order to achieve a democratic process that will win the people's trust.

Roger Cortez, member of the National Executive Committee of the PS-1, said that the parties led by Victor Paz Estenssoro and Hugo Banzer Suarez will not be a part of this union, because of their participation in the coup and because they have held important posts and performed advisory functions.

He said that the armed forces, led by Luis Garcia Meza, interrupted the democratic process in complicity with members of the Argentine military, "with the aim of creating a crisis and disintegration on the pretext that there had been election fraud."

Referring to the dialog proposed by the government, Cortez said that it would not be feasible "in view of the fact that President Torrelio has--since his assumption of power last 4 September--changed the direction of his governmental policies many times, even going so far as to annul the 3-Year Plan that had been developed."

On the other hand, he stated that the Socialist-One Party had--from the very moment of the coup of 17 June 1980--advocated the unity of the revolutionary parties of the Left with the aim of overthrowing the Right, which had unquestionably taken control of the government in disregard of the people's will as expressed at the elections of that same year. Unfortunately, he added, that unity was cut short by the assassination of the executive staff of the Movement of the Revolutionary Left (MIR) on 15 January 1981.

The widow of PS-1 leader Marcelo Quiroga Santa Cruz was introduced at the press conference.

She explained that her husband had been murdered at the offices of the Bolivian Labor Federation as he was taking part in the meeting of CONADE.

He was interrupted by a group of paramilitary personnel led by an army lieutenant.

She said that those present at the COB [Bolivian Labor Federation] offices were forced to leave with their hands held behind their heads. "Marcelo was separated from the group," she said, "and was shot on the premises." A burst from a machine gun ended his life, and the leader Carlos Flores died at his side.

She went on to say that the death of her husband was premeditated--that it had been planned within the military circles led by Luis Garcia Meza and Luis Arce Gomez. "They are responsible for his death," she said.

In conclusion, she said that judicial proceedings should be initiated against the guilty persons, asserting that this murder cannot remain unpunished and that the murderers cannot continue to govern the nation.

#### Statement of ODEUR Position

Santa Cruz EL MUNDO in Spanish 20 Jun 82 p 9

[Text] "The major parties can no longer monopolize Bolivian democracy, because they no longer have the confidence of the people," the Organization of Revolutionary Unity (ODEUR) alleges, declaring that if the government genuinely and sincerely intends to democratize the nation it should do so by holding a general election.

In their statement, Mario Lanza Suarez, Augusto Mercado, Hernan Gonzalez, Humberto Duran de Castro, and Valeriano Huacani, of the Executive Committee of ODEUR, state that neither the national agreement nor the dialog proposed by the Torrelio administration for the purpose of reaching decisions on national political problems can lead anywhere, given the disparity of the criteria of the various political groups despite the fact that they all basically agree on the necessity of returning constitutional government to the nation and ending institutional irregularities.

The statement says that ODEUR is unable to understand the purpose of the dialog to be entrusted to the Ministry of the Interior, given the fact that the proposal only takes into consideration the "major parties," which cannot exercise a monopoly over Bolivian democracy and, moreover, no longer have the confidence of the people.

"If the government genuinely and sincerely intends to democratize the nation," the ODEUR statement continues, "the proper course is--in accordance with the constitution--to hold a general election on a specified date. Such an election could reflect the new state of awareness that the nation has experienced since the unhappy days that have befallen us."

The statement concludes by declaring that the proposal to reinstate the congress of 1979 "using frivolous arguments has already been adjudged absurd,

inasmuch as it comes from interested individuals and groups that formed the aforesaid congress, which must also bear a share of the responsibility for the events that followed in view of the fact that in no sense did it provide any solutions for the nation's problems. Moreover, it is unacceptable that the nation's destiny should be in the hands of a few discredited individuals who have defrauded the people on repeated occasions."

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CSO: 3010/1757

## TORRELIO ASSERTS PRIORITY OF AGRICULTURAL SECTOR

Cochabamba LOS TIEMPOS in Spanish 20 Jun 82 p 7

[Text] Implementation of the Agrarian Reform Law through the instrumentality of a commission of specialists, and the creation of an entity charged with studying the costs of agricultural production, were announced yesterday by the president of the republic, Gen Celso Torrelío Villa, in his speech inaugurating the National General Conference of Farm Workers.

Declaring that agricultural and livestock development will have first priority in the economic plans of his administration, General Torrelío Villa said that the Agrarian University will begin its activities in February of next year, and to this end the principal officials of the university will be appointed on 2 August.

The military high command accompanied the president on his visit to this city to inaugurate the National General Conference of Farm Workers.

The president devoted a great part of his address to an evaluation of the process of agrarian reform, which had liberated the farm population from unfair delays, although he said he had to acknowledge that this achievement had certain economic and social consequences (such as the "minifarms") for the farm population which had not been anticipated in the initial statute.

"The Government of the Armed Forces," the president declared, "true to its deeply-felt nationalism and its spirit of brotherhood with the majority sectors of the nation, will soon put into effect a series of agrarian measures that will lay the groundwork for the initiation of a new chapter in our history--one which will, this time, reaffirm from the economic standpoint the liberation of the man of the soil and guarantee to him the concerted development of agriculture as the principal source of wealth of all Bolivians."

He added that in the course of three decades new forms of exploitation of the rural population have been developed, citing the low prices paid for their products and the activities of the middlemen who exploit them.

Emphasizing that fair prices are not being paid for the products of agriculture and stock raising, the president (who was interrupted several times by applause from the audience) said that his government will create a governmental entity

to evaluate and establish the costs of production "in order that our brothers in the rural districts may receive fair prices to enable them to make a profit which will serve as a stimulus to production and productivity.

"I promise all our brothers in the rural districts of Bolivia," he said, "that never again will your labor and your effort be exploited; for together we--the farm workers, the armed forces and the entire Bolivian nation--shall lay the legal foundations that will enable all of us to attain this longed-for objective, in accordance with the expectations of the Bolivian people."

In honor of the Day of the Indian, the government will--on 2 August--officially announce the appointment of the rector and other officials of the Agrarian University, with a view to inaugurating academic activities in February 1983.

The president criticized the activities of the Agricultural Bank of Bolivia. He said it has not fulfilled its function of providing incentives for the farm population, and expressed concern over this fact.

A commission composed of experts in the fields of agriculture and planning will soon revise the provisions of the Agrarian Reform Law to bring it up to date.

The government will facilitate credit for the purpose of improving the technology of agriculture and stock raising through the medium of the rural organizations, "combining cultural processes and reinforcing our identity as a nation," General Torrelio Villa said.

The president also stated that agriculture will have first priority in the economic development plans. "The sovereignty and independence of our country," he said, "will be ensured when--through our effort--our agricultural and stock-raising activities, and our use of the land, are converted into the creation of abundant wealth for all Bolivians."

He said that the government is attributing great importance to the National General Conference of Farm Workers, and added that his presence at the ceremony arose not only from a desire to greet the delegates but from his intention to reaffirm and strengthen the Military-Farm Worker Pact.

In conclusion, the president declared that the measures to be taken by his administration will reinforce the unity of the farm population with the armed forces.

The president then declared the conference to be in session and expressed the hope that its deliberations will be crowned with success.

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## CONEPLAN OFFICIAL REPORTS ON FINANCIAL AID TO NATION

La Paz EL DIARIO in Spanish 22 Jun 82 p 1

[Text] An important program providing for loans totaling \$275 million has been finalized between the Bolivian Government and the Inter-American Development Bank (IDB), Minister of Planning Adolfo Linares announced yesterday.

The CONEPLAN [National Economic and Planning Council] executive (who had conferred with the president of the republic) said that during his stay in Washington several days ago he had met with members of the World Bank, Inter-American Development Bank, and Department of State. He talked only occasionally with representatives of the International Monetary Fund, inasmuch as this function is performed on a continuing basis through the IMF representative in Bolivia.

Linares explained that relations between the Bolivian Government and the IMF are normal and were at no time interrupted. He said that on the contrary, "the Monetary Fund authorized exactly 15 million pounds sterling as a contribution by the Bolivian Government to the buffer stock." He announced that a program has been developed with the IDB for loan transactions totaling \$275 million; to this end, specific dates have been established for completion of the assignments of the missions detailed to the various projects.

He gave a summarized breakdown of the loan transactions requested, as follows: exploration and exploitation of hydrocarbons, \$126 million; industry and mining, total of loans requested \$62 million; agriculture and stock raising, \$55 million; rural electrification (primarily in the Chapare region), \$12 million; drinking water for Tarija, \$10 million; feasibility studies, \$10 million.

The individual missions have been scheduled to come to Bolivia on the following dates: petroleum, 5 July; industrial and mining, 25 June; agricultural and stock raising, 15 August.

Linares explained that in the case of Tarija the negotiations have virtually been completed, giving rise to the hope that final approval of the loan will come during the current negotiation period.

The technical cooperation to be extended to INALPRE [National Investment Feasibility Studies Institute] (totaling approximately \$10 million) corresponds to the Tarija project.

Bolivia has also requested between \$600,000 and \$700,000 in the form of a grant for a study of the La Paz-Cotapata tunnel project.

It was announced that within a matter of hours Peter Sherer will arrive in Bolivia to conduct negotiations in connection with the COMIBOL [Mining Corporation of Bolivia] transaction and with a structural loan to Bolivia now under consideration by the World Bank.

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## FOREIGN MINISTER GUERREIRO COMMENTS ON RELATIONS WITH U.S.

Sao Paulo ISTOE in Portuguese 14 Jul 82 pp 76-79

[Text of interview with Ramiro Saraiva Guerreiro, minister of foreign relations, date and place not given]

[Text] The Malvinas crisis was a disaster for Argentina, it cost England time and money and it displeased the United States because of the way it eroded U.S. relations with Latin America. For Brazil, however, so close to the events and, for this very reason, so apt to be affected by fallout from the conflict, the Malvinas have left no bitter legacy. On the contrary, it was felt that the country conducted itself temperately and securely, primarily as a result of the mature and conscientious work done by the Ministry of Foreign Relations, which today may be the government sector most sheltered from the storms. Throughout the crisis, it was simply a pearl of diplomatic invention: the establishment of a position whereby Brazil, although supporting Argentina's right to the Malvinas, would never refer to the initial act in the conflict, the invasion of the islands by Argentina. With this, Brazil managed at the same time not to displease a neighboring country or violate the principle that differences between nations should be settled peacefully. At the head of Itamaraty, for which the Malvinas presented one of the greatest challenges in recent years, is Foreign Minister Ramiro Saraiva Guerreiro, a professional of 63 years. In this interview, Guerreiro gives an accounting of what the conflict represented for Brazil.

ISTOE: What is the main lesson Itamaraty learned from the Malvinas episode?

Guerreiro: I believe the lesson we can take away is a confirmation that President Figueiredo's foreign policy directives are correct. We were guided by the same lines of behavior that we have been following: that is, improved relations with our neighbors and, at the same time, an attitude of understanding and good communication with all countries. Despite the tensions and the sensitivity of the period we have just gone through, these two characteristics, among others, of Brazil's foreign relations were preserved. As a line of action, they proved sensible and useful for the country.

ISTOE: You spoke about tensions. This was a great test for Itamaraty, one of the most intense moments in recent years. What kinds of difficulties or pressures were there during that time? What troubled Itamaraty the most?

Guerriero: The great concern, naturally, was whether it was possible at some point to find a political way out of the dispute, which was extremely difficult. The resources to achieve this goal were not in our hands, or in the hands of any country. What we could do, and tried to do, was to encourage every means to limit the negative effects occasioned by the conflict itself, whether regionally or more generally. We were necessarily interested in offering our services as a moderator, and we always did this in a way we felt was necessary, one that was appropriate for us; that is, in our contacts with either party we never concealed what we thought. We never said anything to one party that was inconsistent with what we had said to the other. Naturally, at every moment we had to evaluate, to measure the steps to be taken almost in millimeters. They had to be perfectly understood by Argentina, a country with which we clearly have a solid relationship which we would like to develop even further, and at the same time by the United Kingdom, with which we have no quarrel whatever and with which we have unconstrained relations.

ISTOE: That explains the tensions at the foreign level. And domestically, did Itamaraty feel at any time that the policy it adopted did not have consensus?

Guerreiro: The government of General Figueiredo, at least in foreign policy matters, is perfectly coordinated. I think that the first condition of a foreign policy is that it inspire confidence. For a country like Brazil, which does not have too much power or cultural, economic or political attraction, it is essential that its foreign policy be trustworthy. From this standpoint, I had no doubt that the position of the Brazilian Government in this matter was absolutely coherent.

ISTOE: And in terms of public opinion, did you sense this same consensus?

Guerreiro: It is very difficult to evaluate trends in public opinion. There was occasional criticism in the press, or positions taken on the merits of the issue itself that could have seemed like a criticism of the government position. There were also divergent tendencies in the congress. I personally spent 3 hours in the senate. More often than not, the senators who asked questions had some criticism to offer. Based on these data, however, it is very difficult to assess the trend in public opinion. Generally speaking, based on indications, personal contacts at all levels and with people in various circles, we felt there was understanding. Irrespective of the attitudes or positions people had, or their reaction to events, there was generally an understanding of the line of conduct we were following.

ISTOE: Brazil's discretion in this episode and in others is sometimes seen as dereliction. Particularly in the United States, it is said that Brazil does not assume the role it should.

Guerreiro: Brazil has its own tasks, which must be adapted to what Brazil is, to its circumstances. It cannot go beyond these in a role that could be self-defeating. It is not in the Brazilian temperament, not mention Itamaraty, to be Quixotic. We are not in the habit of adorning ourselves with peacock

feathers. Well, it is precisely because Brazil already has a considerable degree of responsibility that it must be very discreet in its actions. Brazil is no longer a marginal country. No position, no action that it takes can be seen as irrelevant. So it must have credibility, and for this reason there will occasionally be those who feel we are being derelict. It would be quite remiss if something productive could be done and were not, but when the omission is deliberate because it is felt that the means are lacking, the necessary influence to pursue an initiative, or when it is thought that any action would be irrelevant, inconsequential or simply a grandstand play, to create headlines, then deliberate inaction is an obligation of the responsible party.

ISTOE: You said that the country does not have the means to act more forcefully. This contrasts strongly with the assessment of Brazil in the early 1970's, a euphoric time when it seemed the country could do anything. As a reaction to that period, could we now be going to the opposite extreme?

Guerreiro: No. I do not believe there were extremes in either case. This is very much a question of semantics. Actually, when there was a period of economic growth and a certain euphoria and it was said that the country was growing in stature, it was all true, and this phenomenon is still being observed. This is why I said that Brazil is not a marginal country. It is a country of which something is expected in a situation where it could take action of some kind. We are aware of this, and we are cautious for this very reason. We know that when we take a position, it will have certain political and diplomatic repercussions. This fact alone, that the country is not insignificant, that it has a regional and world position that is not irrelevant, leads us to behave more cautiously. Brazil is not a pugnacious country--this would not be our style--nor can it be pretentious. This sense of responsibility comes properly with the country's increasing importance, so there is no contradiction here.

ISTOE: In your meeting with former Argentine Foreign Minister Costa Mendes, when he stopped in Brasilia on his way on Cuba, you said that the two of you discussed prospects for the future. Can you tell us about those prospects?

Guerreiro: I cannot divulge what was said in a private conversation. It would be a breach of confidence. However, I can give you some idea of the nature of the discussion. Irrespective of the turn of events, of what was soon to occur or was allowed to occur, there was some exchange of information of a general nature, a regional nature. We focused on the inter-American system and our bilateral relations. And the prospects had to do with these, with our future actions. In the case of the two countries, we discussed how we could maintain the same kind of frankness and trust, even on those items where our views and perceptions differ, and I am not referring specifically to the Malvinas. Discussions between the two countries have always been completely frank, and we should continue to exchange views. It was a little of this. An evaluation in the context that there had been a change, and the extent of this change. Because it is very easy to say that nothing will be the same as before, that things have changed. But what changes? To what extent? This depends on many variables. and there was a little discussion of this kind.

ISTOE: As you say, there is nothing to be gained by saying that things have changed, that nothing will be the same. Can we be more specific? What changed as a result of the Malvinas crisis?

Guerreiro: I think the principal change--if this can be said to be a change, because it does not contradict what existed before--is something which we have always maintained. The solution to problems that are basically political must be a political solution. You cannot settle international issues, except in extreme cases, by automatically going to war, although we see this misconception resurface at every moment.

ISTOE: Is this a criticism of Argentina?

Guerreiro: It is a general criticism. At the time, didn't we hear the British Government say it would not negotiate further? There is no purely mechanical solution to a political dispute. I think this was made very clear. I also think that the idea of cooperation within Latin America, greater understanding, was fully demonstrated in this situation.

ISTOE: And in relation to the United States, what has changed?

Guerreiro: For Brazil, strictly speaking, there has been no basic change. Our relations with the United States had already become mellow, good, with both sides accepting that there would be differences because the circumstances are different for each country. But each one has respect for the other's position and there is great frankness. We have never misled the Government of the United States or any other government about what we think or what our course of action will be, and vice versa. There is no reason why the spirit of the relationship should not remain the same.

ISTOE: They did not mislead Brazil, even when Secretary of State Alexander Haig offered to mediate the issue and then went over to England's side?

Guerreiro: No. This was no surprise to me. They never told us anything but it appeared obvious to me from the beginning.

ISTOE: The Malvinas incident placed Itamaraty, which is usually discreet, in the limelight. Do you believe that, as a result, more consideration will be given to foreign policy, more interest inside and outside the government?

Guerreiro: The president and the ministers have always been interested. I would note that they are very aware of the fact that Brazil is part of an international context. Now, ideally, foreign policy is so successful that it has national consensus, such that no one is concerned and it doesn't even have to appear in the newspapers. In the case of the Malvinas, it was natural that the issue was always under consideration, not only by Itamaraty but with the knowledge of other areas of decision of the president. Incidentally, this is always done when necessary and relevant. What I must have, as any foreign minister must have, is a certain awareness of when a decision in my area affects other areas, and when I must reach an understanding with them; to know when a matter should be taken to the chief executive. President Figueiredo,

for example, has decentralized a good deal; he has shown impressive confidence in my actions, in the actions of his ministers. It is reasonable that, in the Malvinas matter, I was in contact with the president from the outset. I was in New York on the day Argentina occupied the Malvinas and I had to make the first statement on the matter. I did not have an opportunity to speak with the president first, but I knew, without consulting with him, what he would think. I said two things: that Brazil had always recognized Argentina's right to the Malvinas and there was no change of opinion, and that Brazil always advocated a peaceful and negotiated solution to the problem. Actually, in the end, we are still saying the same thing.

ISTOE: To some people, even in the government, foreign policy can appear to be cosmetic, theoretical, remote from the practical day-to-day reality. In a crisis like this one, perhaps these individuals are made aware that....

Guerreiro: ...there are risks.

As a predecessor of mine said regarding foreign policy: "Stay out of it." This is a natural thing. Obviously I cannot talk about this; I am a career man. I have been at the game for 36 years. And obviously I have made my mistakes. I wouldn't be human if I hadn't.

ISTOE: Philosophizing a little, what purpose does foreign policy serve?

Guerreiro: It happens this way: we do not have a world government, nor are we headed in that direction. So people are organized within specific governments and defined territorial boundaries, although some of these are disputed. Although we live within these sovereign states, they have a real interrelationship that is vast. When a letter arrives from Pakistan and is delivered directly to you, this is an application of international law. An international convention of the World Postal Union regulates all this. Now, imagine if countries could not reach an understanding. Since each country is a sovereign nation it would do whatever it wished. Then there is continuing negotiation at the technical level, which is possible only because there is a political framework for these negotiations. If this framework falls apart, it also affects these negotiations. Countries shut themselves off. I am talking about the daily business of international relations. Now, when vital interests are at stake, when there is no perception of a community of interests, a disagreement on the issue of security, anything can happen. Foreign policy is closely linked to the problem of security. For example, when you give priority to relations with neighboring countries, when, as in our case, you give priority to your relations with the African countries, why is this? Because it is very important to us to have a good relationship with them. Imagine if we had countries frustrated, annoyed, feeling that Brazil was an obstacle in their path. Wouldn't we have tension all the time? Wouldn't we have our neighbors allying with the superpowers to plague us? So it is very important that there be no nonsense in matters of foreign policy. This is not always a simple matter. It is not just a question of blandishment. It is not like this, because no one is that stupid. The idea that other governments, other peoples are stupid is idiotic. It leads to the cosmetic theory: "Ah, we need only be pleasant,..." No such thing. This is a part of it; this is

necessary and civilized, it is a reflection of a relationship between civilized individuals. But this is pro forma. This is a gross error, which we have observed in the history of diplomacy, to confuse foreign policy with public relations. Those who have done so have done themselves harm and have sometimes been taken by surprise.

ISTOE: You said that foreign policy helps peoples understand each other better. But perhaps there is something more. Perhaps foreign policy helps a people to understand itself.

Guerriero: Without referring to any specific cases, international tension is frequently a projection of internal tensions. Often, because of this tension, a country is unable to deal with a foreign tension, to confine it and handle it.

ISTOE: Another basic premise of foreign policy is that it should reflect the country. Do you think our foreign policy reflects what we are?

Guerreiro: Insofar as we can identify what Brazil is and what is in the nation's interest. In no aspect of foreign policy have we taken a position that jeopardizes the nation's interest. Naturally, the big problem is to define this interest, which cannot be done in the abstract. The country is part of an international context. It must negotiate, it must see where there are points of agreement. In more specific cases, it must determine the maximum point it can reach in satisfying its interest. In this respect, foreign policy is a good reflection of the country and the national temperament.

ISTOE: How do you view the replacement of Secretary Haig by George Schultz? Does this have some importance for Brazil?

Guerreiro: No. As I said, relations between Brazil and the United States tend to be mellow. They are already ripe. The lines of communication are always open. There are disagreements, particularly in the trade area, in the economic area, that will not disappear by magic. I do not believe this change of secretaries of state will have any effect. There could be some difference in the assessment of some particular situation, which is also normal, but the relations are characterized by a good general framework, a disposition to dialogue and an acceptance that the two countries are different and have different roles to play. This will not change because individuals have changed.

ISOTE: Other changes have recently occurred in the Middle East. First Iraq, a preferential ally of Brazil, is being defeated in a war. Second, the PLO, with which Brazil had been exchanging some signals, now appears on the brink of annihilation. How will these two things affect our foreign policy?

Guerreiro: Actually, they have no basic effect. In the case of Iraq, the situation is not yet clear. Internally, there could be a number of courses of action, but up to now President Saddam Hussein is there and has no major problem with internal disputes. We have good relations. Brazilian companies are working there and they are still interested in their projects and even in bidding on other projects. Incidentally, I must say that we also have normal

trade with Iraq. In the case of the Palestinians, recognized by the United Nations as a national liberation movement, our position regarding the entire Middle Eastern question is determined by certain principles and there is no reason to change it. Incidentally, this is a case which proves that it is difficult to reach a lasting solution to a political or social problem by purely military means. If this were possible, it would already be over with. We have had this problem for 34 years and it may go on for one or two more generations, because you cannot suppress a group of 3 million people. Our position is based on some principles: we do not recognize Israel's right to expand or to deny the existence of the Palestinian people.

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COUNTRY SECTION

BRAZIL

ECONOMIST CALLS FOR TAX REFORM, RENEGOTIATION OF FOREIGN DEBT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jul 82 p 25

[Text] A tax and financial reform that will penalize nonproductive capital and check the process of indebtedness of business and the country, together with a renegotiation of the foreign debt in the sense of extending the due terms are, in the opinion of economist and Professor Luiz Gonzago Belluzzo of the University of Campinas (UNICAMP), two necessary measures which must precede a broad political debate to redefine the priorities of the Brazilian economy.

According to Belluzzo, there is already today, at least among economists, "a broad consensus regarding the need for tax reform." In his opinion, that reform must be made in the sense of lightening the tax burden on the wage-earning sectors and penalizing nonproductive capital.

With regard to the foreign debt, Belluzzo believes that the government should now take the initiative to renegotiate it, trying to extend the due terms, most of which are for 8 years. If it achieves this, says Belluzzo, "there will be more slack in annual disbursements, thus alleviating the pressures on the balance of payments." If that is not done, argues the UNICAMP professor, "the country is not going to succeed in maintaining the 8-year term and will end up giving it to the international creditors, who want to change the profile of the debt, shortening the terms to 4 years."

In other words, the central question of the foreign debt is, in his opinion, "to renegotiate it in favor of or against the national interests."

Recession

"If the present economic policy continues," declared Belluzzo, "the situation can only become aggravated, with a new recessive jolt in 1983." After 1 and a half years of recession, "inflation returned to the same rates as 1980 and the same problems persist in the balance of payments. Thus if the government insists on not changing the current economic policy, it can be anticipated that after next year's recessive jolt, the effects on inflation and the balance of payments will again be nil."

According to Belluzzo, this vicious circle has been occurring since 1974 "when the recession was already built into economic directives." From that time to this, economic policy has been rowing in the same direction as the tide." And it is precisely because it does not have a defined course of its own that "it does not have any credibility and has reached a point of exhaustion."

#### Consensus

From now on, concluded Belluzzo, economic policy will need a greater political consensus which, in his opinion, must be obtained with the joining of forces that include the majority sectors of the population." However, even before a political consensus is achieved, "it is essential that there be a tax and financial reform and a renegotiation of the foreign debt."

With regard to the opinions of former ministers about the resurgence of inflation, Belluzzo concurs with Celso Furtado with reference to the opportunity to renegotiate the foreign debt, and with Gudin when he says, "I can analyze Reagan's or Mitterrand's policy, but not Delfim Netto's"; but he disagrees with Simonsen, who recommends a return to the austerity of 1965-1966 because "many things have changed since that time."

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## CHAVES WITHDRAWAL FROM DECISIONMAKING, CAMPAIGNING DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jul 82 p 5

[Article by Carlos Chagas]

[Text] Aides and politicians close to Aureliano Chaves comment that "the vice president is molting," to explain his absence from the election campaign and the most recent political-institutional decisions taken by the government. "Molting" is that time when the birds stop singing because they are changing their feathers. After withdrawing to his ranch in Tres Pontas for 3 weeks, Aureliano will return to Brasilia on Sunday to assume the presidency of the republic for 2 1/2 days during Figueiredo's visit to Canada. Nothing indicates, however, that he is coming to participate in the campaign later, traveling through the country or even through Minas Gerais in support of the Social Democratic Party (FDS) candidates; or to become a member of the decision-making councils of Planalto Palace. He is even going abroad and, coincidentally, at the time when the election campaign will be going strongest, toward the end of September and the beginning of October, to a symposium on energy in the city of Arnheim, in Holland. Perhaps he will stay out of the country only 2 weeks, but the permission requested from the senate was for 1 month.

There has already been another native of Minas Gerais as vice president of the republic, Wenceslau Bras, who for political reasons turned away from the then President Hermes da Fonseca and spent his whole term fishing in his native city of Itajuba. Though he is not following to the letter the lessons of his old predecessor, who incidentally was afterwards elevated to the presidency, Aureliano Chaves does not fail to arouse the national curiosity by preparing to fish on the banks of the Rhine River after having been fishing on the banks of the Sapucai River near his ranch. Something is happening to cause his alienation from the center of decision and political activity as well as from the campaign.

Not given to subterfuge and with clear and definite positions, his gesture is significant, especially when it is recalled that some months back, even during the period following General Joao Figueiredo's heart attack, the reports were that he would divide the burden and the duties of the political campaign. It was even reported that while one would be in the South, the other would be in the North, in a strategy designed to spare the

chief executive and utilize the potential of his substitute. Today there is no report of the slightest scheduled participation of the vice president in the campaigns even though his aides report that he is "at the disposal" of the PDS, that is, if the PDS needs him and asks, he would not refuse.

Some clues can be listed in the attempt to dissect the reasons for the vice president's "molting." The first comes in terms of the style adopted in Planalto Palace following Minister Leitao de Abreu's assumption of the position of chief of the Civilian Household. Unlike General Golbery do Couto e Silva, Leitao is officious and jealous of his prerogatives, which he does not share even with the palace group. Thus the preparation and channelling of the most recent measures occurred without open consultation, not even with Aureliano Chaves. In the case of the November 1981 package creating the complete linkage of votes and prohibiting party coalitions, he was not consulted, but because he owed loyalty to Figueiredo, even though he was personally against those measures, he came out in public to justify them. However, with the most recent "package" of amendments to the constitution, there was none of that. Neither consultations or mere exchanges of opinion, nor praise.

The Minas [gubernatorial] succession must have become another critical point for his alienation. While the forces of the Minas PDS were not coming to any conclusion, Aureliano participated and organized the selection of someone belonging to the former Democratic Social Party (PSD). Not only because the Liberdade Palace was occupied by three old members of the former National Democratic Union (UDN), but also because it was necessary to fight Tancredo Neves of the Brazilian Democratic Movement Party (PMDB) with people of the same background. He criticized the possibility of nominating a technician, in the case of Eliseu Resende, because preference should be given to a politician. But he did not succeed in making his argument prevail and he must not have liked it when he saw the name of the then minister of transportation coordinated in the Civilian Household. He swallowed his pride once again with the selection of Eliseu, against whom he has nothing personal. On the contrary, he respects and extols his qualities as an administrator.

That question leads to the other, since they are closely linked: the forthcoming presidential succession. The former governor of Minas is not soliciting the nomination, as he has repeated, and much less is he engaging in organization and activity believing that the time has not come. Any haste would hurt Figueiredo, whom he serves and preserves. But he does not exclude himself, that is, he wants to be considered at the right moment as one of the options. Thus, he rejects any pressing or manipulation capable of hurting that unstable balance and must have noted that the candidacy of Eliseu Resende for the governorship of Minas does not properly manifest the prospect of being supported in his own state, when talks resume.

Another lack of convergence felt between the vice president and the government is in economic-financial policy. His ideas differing from those of Minister Delfim Netto as well as his support of PROALCOHOL, today relegated to a secondary level, are known. The National Energy Commission, over which he presides, operates much more in terms of reports which the Planning Secretariat (SEPLAN) does not implement or convert into facts.

There, at the minimum, are four reasons capable of justifying why Aureliano Chaves, fishing pole in hand, is ready to exchange the Sapucai River for the Rhine River, without any signs of planning at least to fish in the lake of Brasilia or in the small lagoon of Jaburu near the official residence placed at his disposal. His relationship with General Joao Figueiredo is preserved, but the same is not the case with the government and with the leadership of the PDS.

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## SEPLAN DENIES REVISION OF TRADE BALANCE SURPLUS ESTIMATES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jul 82 p 25

[Text] Brasilia--The Planning Secretariat of the Presidency of the Republic denied yesterday that it has revised the estimates of this year's Brazilian trade balance, now admitting exports of \$21 billion against imports of \$19 billion, according to a report published by a Rio de Janeiro newspaper.

In an official note distributed by the press office, interim Planning Minister Jose Flavio Pecora denied that estimate, declaring only that the federal government is sure of obtaining "a surplus in the trade balance this year and for that purpose continues to encourage the export of Brazilian products." (However, the note does not refer to the probable surplus nor to the expected export and import figures.)

At the beginning of the year, quite optimistically, the Brazilian Government predicted a surplus of \$3 billion in the trade balance for this fiscal year based on exports of \$28 billion and imports of \$25 billion. In view of the international crisis (difficulties in exporting, high rates of foreign interests, etc.) the government began to reduce its estimates and a few days ago even Finance Minister Ernane Galveas admitted that it would be very difficult to achieve exports of \$25 billion and imports of \$22 billion, one of the last official estimates.

It is unofficially admitted in the government that if Brazil achieves a surplus of \$2 billion or \$1 billion, with exports of \$23 billion and imports of \$21 billion or \$22 billion, it will be a good result.

Senator Paulo Brossard (Brazilian Democratic Movement Party (PMDB) for Rio Grande do Sul) warned yesterday that the country's foreign debt is cause for concern and lamented the fact that not only is the federal government incurring large debts but also the states and some municipalities, as well as public and private companies. He said that the present situation of the country can be termed "mad and delirious," showing that the National Economic Development Bank created more than 20 years ago to be the support base of the large economic infrastructural enterprises is today struggling with a similarly worrisome deficit.

The treasury debt to the bank has increased to 300 billion cruzeiros while the foreign debt has reached \$13 billion per year in interests and amortizations alone. It is for that reason that the country is forced to incur new debts." Brossard condemned the high interest rates of the banks, adding that in certain cases the profits of the banking network exceed 1,000 percent.

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## ANNUAL INFLATION RATE OF 100 PERCENT FORECAST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jul 82 p 23

[Text] Rio--Inflation this month should reach between 6 and 6.5 percent and if it should exceed 6.4 percent, the accumulated inflation of the last 12 months will again be in the neighborhood of three digits (100 percent), according to the prediction of Professor Antonio Carlos Porto Goncalves of the Post-Graduate School of Economics of the Getulio Vargas Foundation (FGV). In that acceleration of prices, he sees a dangerous trend in the economy "which cannot wait for the election for adoption of the necessary measures to halt the inflationary spiral."

Porto Goncalves said that because of the present excess of indexing the economy, with past inflation being projected by all sectors without distinction and generating new inflationary expectations, it is only "one step" to go from 100 percent inflation to the neighborhood of 150 percent, because the feedback effect of the correction gives greater impetus to the increase of prices.

The opinion of Porto Goncalves about the current problems of the Brazilian economy differs in large part from that of his colleagues in the Getulio Vargas Foundation because he believes that inflation has its bases in high costs and not excessive demand, and discards the possibility that the disorderly monetary policy is the principal cause of the resumption of the inflationary pace.

According to the professor, the means of payment increased 74 percent in the last 12 months and inflation was 97 percent. In the last 6 months, currency increased 20 percent while inflation was 47 percent. Liquidity is tight, the interest rates are very high, the markets of almost all products are weak, and in general, sales still remain below the 1980 levels. The obvious conclusion for Porto Goncalves is that the acceleration of inflation was not caused by excessive demand blown up by very easy monetary and credit conditions but stems from an increase of costs.

## Questionnaire

Porto Goncalves prepared a questionnaire which was answered by 50 representative businessmen of Sao Paulo and he derived some observations from the answers. What were the reasons for the resurgence of the inflationary outbreak

if there was not any oil crisis nor loss of agricultural crops or any major catastrophe? asks the FGV professor. In his opinion, the salary readjustments above the INPC [expansion unknown] have made the fight against inflation more difficult because of the feedback effect but they cannot be blamed for the abrupt reacceleration.

Thus the only feasible explanation, in the opinion of the economist, is the readjustment of administered prices—the rates of electric power, telephone service, diesel and other oil derivatives, among other things—and the taxes laid on the costs of private companies, causing the prices of their products to increase even in the face of a weak market.

One of the concerns of the FGV economist pertains to the domestic public debt, which represents about 10 percent of the GNP or \$25 billion. That domestic debt requires \$1.5 billion in interest alone from the government and it is disrupting the whole financial market. Porto Goncalves believes that the Central Bank should buy the (ORTN and LTN) treasury bonds, reduce their values and yield, and reissue them in the market, thus saving the system from a general debacle.

He emphasizes that it is not necessary to pay real interest in the open market as the government is doing, because those who invest in that sector do not have any other alternative. It would be enough for the government to guarantee only a partial monetary correction. He believes also that if the government offers a lower yield on the open market, the other sectors of the financial market will follow it, reducing speculation. He points out also that Argentina is already ceasing to pay its domestic public debt, establishing redemption rates well below inflation, so that in the course of time it will disappear.

8711  
CSO: 3001/200

## MANUFACTURED GOODS TRADED FOR USSR TURBINES; SOYBEAN TALKS

## Exchange for Manufactured Goods

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jul 82 p 25

[Text] Brasilia--Beginning in November, Brazil will sell manufactured goods to the Soviet Union which will represent half of Brazilian exports to that country. To make those exports possible, Brazil agreed to buy Soviet turbines for the Ilha Grande hydroelectric plant. Minister Delfim Netto said in Moscow last year that those turbines will cost between \$80 and \$100 million.

The new agreement is the principal result of the meeting of the Brazil-Soviet Joint Commission which concluded in the Foreign Ministry yesterday. At that meeting, the two sides resolved to extend for 3 years the agreement for supplying Soviet machinery and equipment in exchange for Brazilian products. Under the agreement still in effect and which will expire on 31 October, Moscow had agreed that 30 percent of the total purchases in Brazil would be manufactured and semimanufactured goods.

By the end of this year, the Soviet Government will send a mission to Brazil to study the possibility of participating in the Grande Carajas project, especially in the copper sector. There has already been a first contact between the Soviet Government and the Grande Carajas Commission.

During the joint commission meeting, in recent days, Brazil greatly stressed its desire to expand its exports to the USSR. This could be compensated for in part by the purchase of Soviet oil. At the present time, oil purchases in that country represent 3 percent of the total imported by Brazil. The Brazilian Government is also interested in Soviet participation in the production of ethanol, shale and peat.

The possibility of Brazilian firms exporting farm implements to the Soviet Union was also studied.

## Packages

Expansion of trade with the Soviet Union is part of a Brazilian thrust into Eastern Europe in an attempt to achieve the export figures envisaged for this

year. In addition to Eastern Europe, Africa, Asia and the Middle East have been attacked as alternative markets.

The Brazilian Government indicates some advantages in the trade relationship with socialist countries, among them the absence of protectionism and quotas. The intention is to deal on the basis of "packages," as is being done with the Soviet Union and Hungary. Brazilian missions and fairs will also attempt to arouse the interest of Czechoslovakia and Bulgaria. The latter is regarded in some sectors of the Brazilian Government as the "most solid" in Eastern Europe at the present time.

Some of those countries, such as the Soviet Union, Poland and Hungary, are facing some current difficulties because of planning problems and foreign indebtedness, but the Brazilian Government hopes that that trend will be reversed. In Brasilia, there is a belief in the economic potential of the countries of the socialist bloc. The greater economic relations with the West resulting from detente between the United States and the Soviet Union have made the socialists more sensitive to world economic problems such as the recession but the Figueiredo administration believes in the recovery of the so-called "iron curtain" countries in the mid term.

#### USSR Wants Soybeans

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 82 p 33

[Text] The Soviet Union is proposing to the Brazilian Government the signing of a long-term contract for the purchase of 2 to 3 million tons of soybean annually at world market prices. At the present time, by virtue of a contract signed in July of last year when Planning Minister Delfim Netto visited the Soviet Union, Brazil is supposed to sell the Soviets 500,000 tons of soybean and 400,000 tons of soy meal, between 1982 and 1986.

The Soviet proposal to expand the volume of soybean purchases was made yesterday during the meeting of the interim Planning Minister Jose Flavio Pecora and the deputy minister of trade of the Soviet Union, Alexei Manjulo, according to the information of the Planning Secretariat (SEPLAN), Brazil said it would study the proposal, because at the present time national soybean production does not provide any guarantees for supplying up to 3 million tons annually to a single country.

However, as a counterpart to increasing their purchases of soybean, the Soviets want Brazil to increase its imports since the trade balance between the two countries is quite unfavorable to the Soviet Union. In 1981, for example, Brazil imported only \$17.9 million as against exports of \$621.4 million. This year, because of the purchase of Soviet oil, the trade relationship has changed: between January and April, \$216.1 million was exported to the Soviet Union and \$164 million imported.

According to SEPLAN, the change in the current agreement between Brazil and the USSR also has already been agreed upon, by virtue of which the Soviet Union commits itself to importing manufactured and semimanufactured goods

equivalent to 25 percent of the value of total exports of machinery and equipment to Brazil. Possibly beginning in October, when another agreement will be signed with new terms, imports will be equivalent to 50 percent of total exports, and only in manufactured goods.

#### Not Enough Soybeans for USSR

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jul 82 p 25

[Text] Brasilia--Brazil does not have stocks to take care of the total volume of soybeans the Soviet Union is prepared to purchase beginning in 1983--2 to 3 million tons--inasmuch as the forecast of exports of that product for all its buyers next year is 1.5 million tons, an expert of the Production Financing Commission (CFP) of the Ministry of Agriculture revealed yesterday. The USSR interest in importing that volume was expressed to interim Planning Minister Jose Flavio Pecora by the deputy minister of agriculture [as published] of that country at a meeting held Monday in Brasilia.

In addition to not having sufficient stocks, it is not in the interest of Brazil to market large quantities of soybeans because the domestic prices are higher than those prevailing abroad--a 60-kg sack costs 2,100 cruzeiros in Brazil and is purchased for 1,950 cruzeiros abroad. Add to that the idle capacity of the crushing industry, since it has a capacity to process 20.5 million tons to produce meal and oil and this year Brazil produced only 12.8 million tons, 1 million tons of which will be used for seed and 800,000 tons is the forecast for export.

Also, the minimum prices in effect for soybeans, like those of other products, are below production costs: 1,321.80 cruzeiros per 60-kg sack. The expectation of the producers is that that price will reach 2,510.00 cruzeiros in February 1983, the harvest month for that product in the state of Parana, which is the largest producer along with Rio Grande do Sul, each with 4.2 million tons produced this year. The European Economic Community (EEC) is the principal purchaser of soybeans from Brazil and the forecast for next year is for a production of 15.5 million tons of soybeans. This year, Brazil purchased 1.5 million tons of soybeans from neighboring countries and the United States to try to reduce the idle capacity of its industrial park.

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CSO: 3001/200

## CASCABEL EE-9 TANK USED BY IRAQI ARMY IN COMBAT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jul 82 p 6

[Article by Roberto Godoy]

[Text] The Iraqi Army is using the most modern version of the Brazilian light tank, Cascavel EE-9, on the southern front of the war with Iran. It is an 11-ton armored vehicle on wheels equipped with a main 90-millimeter weapon and two machineguns of 7.62 millimeters (coaxial) and 50 millimeters (antiair, in the turret), in addition to a number of highly sophisticated electronic accessories, such as the laser telemetry systems or the night viewer with light intensifier. It is the most efficient war machine produced by the national military industry, and that version, which incorporates all the technological developments achieved in the course of the last 15 years, was especially conceived to take care of the Baghdad order. The fact is that the vehicle maintains the same basic characteristics of weight and dimensions (6.22 meters long, 2.36 high and 2.59 wide) although it has gone through several improvements. Externally, the evidence of that is in the new position of the headlights, which are now built into the body. For the three-man crew, there are changes in the panel, which has been redesigned and now has the pressure control for the six bullet-proof tires, the automatic antifire system (for the cabin and the motor), plus the air conditioning adjustment unit.

The EE-9 has also changed motors, now being equipped with a Detroit Diesel 6V53 of 220 HP (the previous unit was a Mercedes Benz of 174 HP) and the Allison-640 automatic transmission replaces the five-speed mechanical one.

The driver, gunner and commander have individual access to the night-viewing system, and the laser telemeter to adjust aiming now has semiconductor silicon crystal circuits, extending the margin of safety. All the wheels have dual-circuit brakes and the motor unit has an electromechanical-drive device to close the radiator in order to permit it to be used under conditions of maximum variations of temperature, as occurs, for example, in the desert, where the daytime maximum reaches 45 degrees centigrade and the nighttime minimum temperatures approach zero degrees. The radio transceiver on board operates on frequency modulation and is linked to the internal intercoms, which can be operated selectively.

The Cascavel is an armored vehicle of strategic superiority as a result of its weapons system. The 90-millimeter cannon fires eight shells per minute and can use five different types of ammunition: HE (explosive charge) Heat (antitank explosive charge), Hesh (smashing/explosive charge), training and smoke. On the side, increasing to the maximum the firepower of the artillery piece, is the infrared box for night activity: it needs only the light of a cigarette to illuminate the enemy target. On the support, there are one Nato 7.62-millimeter coaxial machinegun and six smokescreen shell launchers. The armor is made up of special-composition welded plates. The outer sections are much harder than the internal one. The front ones have a thickness of 16 millimeters, which is enough to guarantee complete safety against the direct or angular impact of 12.6 caliber fire. The side and back armor is more than 8 millimeters thick, enough to offer protection against automatic fire of up to 7.62 millimeters. The range of the EE-9 is 700 kilometers on the average. Its maximum speed is 100 kilometers per hour.

In the Persian Gulf theater of operations, in the same category, the equivalent adversary is the British Scorpion, of which Iran has 250 units. It is a fast armored vehicle on caterpillar tracks developed for reconnaissance and limited attack missions but which has serious difficulties in demonstrating ideal performance in the desert where the bearings of the tracks suffer sand abrasion.

There is more to the story of the presence of Brazilian material in the Iraqi front. The air force uses Avibras rockets of the 70-millimeter air-to-ground and 300-millimeter ground-to-ground types, with a range of 70 kilometers, in addition to an intermediate assortment of bombs, accessories and warheads, which make the Baghdad government the principal customer of the company.

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CSO: 3001/200

## POLICE FREE POLITICAL PRISONERS IN SALVADOR, MISTREATMENT CHARGED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jul 82 p 11

[Text] Salvador--In Salvador the night before last, the Federal Police released the 13 political prisoners held since 1 July, when they were participating in issuing the ARAGUAIA GUERRILLA MAGAZINE, without offering them or Attorney Ronilda Noblat, who defended them, any explanation. Yesterday morning they called a press conference to accuse the police of torture and mistreatment, and in the afternoon made a "visit of thanks" to Cardinal Dom Avelar Brandao Vilela.

The cardinal of Bahia and archbishop primate of Brazil, who had visited the prisoners in Barbalho barracks yesterday received from them a 10-page report relating the events and the treatment they had received in prison and said that he had been "traumatized" over what had happened. "It is something completely incomprehensible," the cardinal said. "This only contributes to the creation of a climate of dissatisfaction, of complete unrest, which does not help anybody; neither the community, nor the government, nor the country."

Dom Avelar said he hoped that occurrences such as this one will not be repeated and believed that now the situation is normalized "because from what I was able to feel and to hear, there is no reason for charges under the National Security Law." Attorney Ronilda Noblat thinks differently. She announced that she is going to lodge charges in the courts against the Federal Police, seeking to identify and punish those "guilty of the physical torture of five of the prisoners." One of the prisoners, Roque Assuncao, showed Dom Avelar the marks of cigarette burns made by the police. Ronilda explained also that by the 30th, the commissioner charged with the inquiry will present a report to the Military Court at which time the content of the charges will be finally known.

The prisoners related that in the afternoon the day before yesterday, visits were canceled and they received orders to get dressed. Escorted for the first time by a group the majority of whose members belonged to the Military Police (before they were federal agents), they were taken to the Institute of Forensic Medicine for a new examination of the corpus delicti. At night two of them were removed from the cells and taken to a room where a Federal Police Department agent said: "It means that you can now laugh at us," and informed them of the release order. It was after 2200 hours when the

prisoners arrived at the headquarters of the Brazilian Democratic Movement Party (PMDB) where a meeting was being held by the Amnesty and Human Rights Committee and the Bahia section of the Brazilian Bar Association (OAB), discussing the problem of the arrests. In the only official information about the episode, the Federal Police Department distributed a note a few days after the arrests, declaring that one of its agents was attacked on duty when he was at a meeting "where the presence of persons known to be connected with the Communist Party of Brazil (PC do B) was announced."

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CSO: 3001/200

## BRIEFS

WHEAT PURCHASES FROM U.S.--Brasilia, 10 Aug (TELAM)--In 1983 Brazil will purchase from the United States 1.5 million tons of wheat worth \$225 million which will be financed by the Commodities Credit Corporation and a group of private U.S. banks. This information was disclosed in Brasilia by the Secretariat for Economic and Technical International Cooperation (SUBIN) which falls under the jurisdiction of the Planning Ministry. The report added that the Brazilian delegation which has been negotiating wheat purchases in Washington acquired 400,000 tons more for this year. According to SUBIN spokesmen, the above agreement reflects the efforts of the Brazilian delegation to adjust U.S. supplies to Brazilian requirements while helping to diversify sources of supply in addition to the commitments undertaken with Canada, leaving open, at the same time, the possibility of turning to Argentina as a supplier of the Brazilian market.  
[Text] [PY110249 Buenos Aires TELAM in Spanish 1100 GMT 10 Aug 82]

CSO: 3010/2119

## CHURCH GROUP INITIATES CAMPAIGN AGAINST UNEMPLOYMENT

Santiago EL MERCURIO in Spanish 11 Jul 82 p C-3

[Text] Catholic campaign invites donations equal to 1 hour's, 1 day's or 1 week's wages to provide the same amount of work for an unemployed person.

The Santiago archbishopric--through its charity organization, Caritas Santiago, has begun its "Work for a Brother" campaign, which seeks to alleviate the rate of unemployment.

The crusade's slogan is: "It is not enough to give food; we must give work," and it was conceived as a concrete action of solidarity.

The archbishopric has also defined it as "a cry of love from one end of the country to the other, not to encourage criticism, but to present a positive contribution from each of us to the solution of a misfortune which affects us all." It also said: "The evil of unemployment is a call from the Lord, who calls us to rise above our egoism and comforts to bring into play all the virtues of love."

The campaign is based on the cooperation of all Christians through donations or monthly contributions which will serve as a fund to pay wages to the unemployed in return for work on social projects, particularly the construction of classrooms or repair of homes for children and the elderly.

One of the ways in which contributions may be made is through a voucher system: one may cooperate by giving the equivalent of 1 hour, 1 day or 1 week of work.

The books of vouchers for participating go from 1/2 hour of work (20 escudos) to 1 week (2,000 escudos). These may be obtained from parish offices, colleges, schools, Christian communities and Caritas Santiago.

The idea was started by a group of lay Christians and is being promoted primarily by the Christian Life Community Federations, the Social Union of Christian Businessmen, Independent Catholic Action, the Christian Employees' Movement, the Apostolate of Prayer, the Schoenstatt Apostolic Movement, the Christian Cursillos, the St Vincent de Paul Conferences, the Catholic Action Worker Movement, the Marriage Encounter Movement and the Secular Franciscan Order.

## ENACAR HEAD CITES COAL INDUSTRY PROBLEMS

Santiago EL MERCURIO in Spanish 11 Jul 82 p C-7

[Text] Peter Crorkan says year will end with 100,000-ton coal surplus.

Seven-million-dollar foreign credit being sought to solve treasury problems.

Lota--The operations manager for ENACAR [National Coal Enterprise], Peter Crorkan, whose offices are in the upper section of this city, has admitted that the market outlook for this year is not good.

He added that the recession has had an adverse effect on the National Coal Enterprise, forcing it in April to reduce the work week from 6 to 5 days. This measure was lifted during the period from May through August, but it is felt that it will have to be implemented again because of problems in the coal market. Its principal clients are CHILECTRA [Chilean Electric Company, Ltd] (which has reduced its demand for repairs in some units), Pacific Steel Company, the Cement Enterprise and several other smaller industries.

The official explained that "our intention was to reduce the current supply of surplus coal to 30,000 tons, and we are going to end up with 100,000 tons." Then he explained that "relations with all the labor leaders have been excellent, and they have helped us seek solutions for this problem."

Crorkan is confident that everything will turn out all right, because "the basic industries, which are the first to be affected by a recession, should also be the first to be reactivated when it ends."

He indicated in his talk that the firm's reorganization plan is already complete, and that the Lebu mine is up for sale, with only one interested party to date. He also mentioned negotiations, as yet unendorsed by the Development Corporation, for a 7-million-dollar foreign credit to solve treasury problems.

With regard to housing sales, he emphasized that the firm does not have much to do with this, since the program is being carried out through SERVIU.

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CSO: 3010/1971

## GENERAL CITES IMPORTANCE OF MISSILES, TECHNICAL WEAPONS

Santiago EL MERCURIO in Spanish 8 Jul 82 p C-5

[Text] The importance of technical weapons, such as missiles, in the development of a conflict was emphasized during a ceremony celebrating another anniversary of the Military Engineers.

The ceremony took place at the FAMAE [Army Ordnance] stadium, and was conducted by the army inspector general, Maj Gen Rigoberto Rubio Ramirez, assisted by members of the general's corps.

Brig Juan Matus Romo spoke at the observance, referring to the work of the military specialty, which yesterday celebrated its 55th birthday, in cooperating to safeguard the national security.

## More Integration

He said there is a growing integration of military industry with private industry in the production of war materiel, "which has allowed us to achieve greater independence by supplying a large number of products which were formerly imported, and also to enter upon the manufacture of new products, which will doubtless increase the deterrent capability of our army."

He emphasized that with regard to present development policies, many important projects are under study which could materialize in the short or medium term, thanks to the support of the High Command. He did not explain what these projects were, since, he said, they are secret.

## Peace Without Surrender

Further on he stated that the military engineers must anticipate future problems and with their ability and ingenuity "strengthen the system which will permit us to grow and prosper in peace, but in peace, of course, without surrender, and in addition to prevent the growth or the slightest encouragement of the influence of Marxism-Leninism, which is a true blot on our times."

Col Matus Romo said it is believed that in the long term it will be of vital importance to achieve consistency among the economic development program, the foreign and domestic policy and our military strategy, armed forces and

defense budgets, "since our military power, represented primarily by the soldier and the weapons he uses, will be guaranteed by the adequate apportionment of economic resources and the rigorous scientific and technical training of our military engineers, to weld an army which is ever more powerful, modern and efficient,...."

During the ceremony Brig Gen (Ret) Eduardo Beas Alvarez was presented with an award and medals for 20 and 30 years of service in personnel. Following that, the officials toured several Army Ordnance (FAMAE) installations.

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CSO: 3010/1971

## REPORT ON MEDICAL DETACHMENT AIDING POLISARIO

Havana BOHEMIA in Spanish 25 Jun 82 pp 72-73

[Text] Someone in the group recalled that comrade Fidel once remarked that the internationalist doctor had an opportunity in our country of becoming "a living encyclopedia." The rest of the 14 members of the Cuban brigade that is doing assistance work in the Saharan Democratic Arab Republic [SDAR] observed a contemplative silence before the invocation contained in those sage words.

And certainly, based on what each of the participants recounted later during the spirited colloquim, their stay here, their experiences and the knowledge they accumulated since they began their selfless international assistance in April 1981, as third-round relief for other, previous collectives, have turned out to be many and highly important.

The first and most commonly learned lesson--and one that was learned well by all who have passed through here--is the ability of a people full of patriotism and revolutionary pride to overcome obstacles, rise to meet every difficulty, and do enduring work, such as the preservation of human health.

"In spite of the harsh climate, we are looking at quite a healthy population, and this is due to the degree of sanitary organization achieved, which permits health workers to systematically detect any disease right in the camp where the victim lives," noted Dr Francisco Santiesteban, head of the delegation. Zenaida Munoz, the obstetrics nurse and Santiesteban's closest work companion, added: "it is obvious that the people, in spite of their low educational level, have acquired a considerable awareness of the importance of good health."

Pediatrician Rafael Torres spoke at greater length:

"The children we treat here generally show signs of malnutrition due to war conditions, the exodus of the people, and life in the camps. Even cases of infant tuberculosis are common. One nonetheless sees the effort the Sahrawi collective is making to confront and eliminate disease, and the great concern evidenced by the leaders of the SADR for guaranteeing medical hygiene assistance.

"They refuse to give in to losing anyone, especially the children, in whom they have placed their highest hopes with their new system of education, so they take special care of the infant population.

The Cuban doctors and technicians have had opportunities to appreciate this fact every day during their assistance work for the National Hospital and other health-care institutions, as well as in the dispensaries of the various wilayas where they periodically go to see patients.

The efforts made by the Sahrawi in this direction are palpable, and this translates into unlimited dedication to the mission of saving and protecting life, one of the most beautiful and humane missions anyone can take on. As far as the country's health authorities go, they are very receptive to suggestions and recommendations made by the specialists. They accept them enthusiastically and creatively adapt them to the local reality, whether they be epidemiological or sanitation measures, or talks on the rules of popular hygiene. The Cubans, for their part, assist in improving the quality of the health-care personnel they work with, and they give classes in radiology, surgery, and orthopedics.

"In the months we have been here," emphasizes Santiesteban, "we have worked, just like the previous brigades, in an atmosphere of mutual respect and cooperation with our fellow Sahrawi doctors and health officials, as if we were brothers."

That spirit of shared struggle was instrumental in lowering the infant mortality rate. On one occasion, it proved possible to eliminate an outbreak of poliomyelitis within 48 hours. Also, hospital births were guaranteed in cases of probably complications, good hygiene and child-feeding habits were inculcated among mothers, epidemiology studies were undertaken, rare pathologies such as lithiasis vesicae (urinary calculi) were studied and attacked, and the war wounded were rehabilitated.

Juan Diaz, a young orthopedic specialist from the Holguin Province, where the great majority of the brigade comes from, described some of his experiences in heartfelt words:

The combat casualty is a distinct type of patient. He presents special problems, particularly in our modern age when a shell can cause extensive damage, and sometimes we have to operate without optimal equipment. Nevertheless, these young patients, who are no more than 30 years old, are truly admirable men. They are very serious when they come in, and they think only of returning to the front. You know then that you are in the presence of a people who truly want independence. When we finally manage to send them back to the front, we feel rewarded.

"What has most impressed me about my stay here is the national awareness everyone has here, even the children; an awareness of who they are and why they are fighting, and that is a pleasure to see; it gives us hope."

When one of the doctors visits a ward, he calls the patients by their name, rather than using a bed number. Before making a diagnosis, he asks about the symptoms using an elementary technical vocabulary from the national language that all have been learning. And at the hour of new birth, affectionate words of support are forthcoming. These are small gestures which the Shrawi people affectionately return, and mothers frequently give their newborn the name of the obstetrician, nurse, or pediatrician who stood by her side. Their response touches our hearts, and we multiply our efforts in a beautiful surge of mutual brotherly commitment.

Surely it was Zenaida, in the midst of so many heartfelt emotions poured out of our hearts on a freezing desert night so far from home, who managed to make some sense of this tumult of emotions:

"Seeing this people's struggle, their persistence, their living conditions, is an experience that exalts the revolutionary spirit."



Members of the Cuban medical collective currently working in the SDAR:  
Francisco Santiesteban, obstetrician; Jose A. Rodriguez, surgeon; Juan Diaz, orthopedist; Jaime Martinez, general medicine; Rafael Torres, pediatrician; Mirta de Armas, ophthalmologist; Zenaida Munoz, obstetrics nurse; Bertha Garcel, anesthetist; Rosalina Gomez, instrument technician; Idalmis Zaldivar, pediatrics nurse; Maria Gonzalez, stomatologist; Enrique Marcheco, X-ray technician; Nancy Garcia, clinical laboratory technician; Jose Ramirez, health officer.

## ENGINEERING CAREER FIELDS DESCRIBED

## Electrical Engineering

Havana TRABAJADORES in Spanish 11 Jul 82 p 2

[Article by Jesus Roberto]

[Text] Electronic computers can perform an enormous number of mathematical operations in a short time, which means that it takes a few minutes to analyze a large volume of information and make decisions.

The specialists who work with these computers are called electronic engineers. They are trained at the Jose A. Echeverria Higher Institute.

The operation of computers and associated equipment is studied in this career field. Other subjects covered in this specialty are: theory of electric and electronic circuits; the so-called programing languages, which is the way information fed to computers is interpreted; and principles of operation of the various parts of computers and associated equipment.

An electronic engineer can design electronic computers and other digital equipment; and organize, plan and direct their production, installation, maintenance and use.

This engineer can work at research institutes, assembly and maintenance enterprises, data processing centers with large configurations or continuous utilization, and in higher education.

The electronic engineer, who is a specialist in electronic equipment and components, also can be trained at the Central University of Las Villas. His field of work covers components or equipment design offices, factories where these are produced, and their maintenance, which is required at almost all branches of the national economy.

Telecommunications Engineering

Havana TRABAJADORES in Spanish 23 Jun 82 p 2

[Article by Jesus Roberto]

[Text] Telecommunications engineering is the specialty that covers the study of the various forms of electric communications--by wire (telephonic) and wireless (radio)--for the purpose of achieving the quickest transmission.

Specialists in this field are trained at the Jose A. Echeverria Higher Polytechnical Institute and at the University of Oriente.

The telecommunications engineer gains his knowledge from studying the theory of operation of electric and electronic circuits, theory of communications, fundamentals of operation and antennas and propagation of waves.

He also studies the operation characteristics of radio receiving, radio transmitting, television and telephone equipment, and the fundamentals of operation of communication systems.

This specialist handles the planning, use and development of electrical communications systems. He does his work in the fields of telephonic and telegraphic communications and radiocommunications. In the latter field, he works on radio links (networks of microwaves and others) and on radio broadcasting. He also can teach.

In addition, he can perform technical management functions and work in enterprises involved in the planning, installation, operation and maintenance of communication systems and in higher education schools.

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CSO: 3010/1964

## REASONS FOR DELAYS IN MAIL SERVICE TO ANGOLA EXPLAINED

Havana BOHEMIA in Spanish 2 Jul 82 p 8

[Text] We have received various letters on the topic of mail service to the international brigades inside and out of the country, containing various complaints as to delays and loss of letters, and difficulties in taxing parcel post.

This time, in consultation with Comrade Juan G. Rodriguez Izquierdo, head of the Post Office Department of the Ministry of Communications, we are answering a letter from our reader Reyna Luisa Robert Ricardo, of Bayamo, with information that will also answer questions by Juan Jose Fernandez, of Guantanamo, Jose Agustine Fuentes, of Havana, and various other readers, who all posed similar questions concerning correspondence by mail with their family members living in Angola.

Rodriguez Izquierdo explained that "two flights leave our country weekly on the way to the People's Republic of Angola, and all correspondence addressed to international brigade members in the sister-country in question go by this route. The same cycle holds from Angola to Cuba.

Civilian brigade members may of course receive parcel post that meets the internationally accepted requirements. Books or journals published in Cuba enjoy special privileges.

With regard to reader Robert's problem in particular:

"If one of the comrade's letters was lost, this was undoubtedly due to negligence on the part of some agent somewhere along the line."

The case in question was referred to the comrades who supervise activities in Granma Province. In addition to making the appropriate investigation, they interviewed our reader and gave her a detailed reply to the issues she raised.

The information given the complainant by a postal worker in Bayamo is incorrect, and the matter led to some discussion. All correspondence addressed to internationalist workers is carried by the same means of transportation, without regard to whether it is certified or not.

In answer to the comrade's other question, in Havana letters go to the national sorting center, where the appropriate dispatch is made up; the next step is delivery of the mail to the Jose Marti International Airport. The box number identifies not only the letter's destination, but the specific place where each comrade is located.

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CSO: 3010/1907

## ROBERTO VEIGA REPORTS ON WORK, WORKERS' ACTIVITIES

Havana TRABAJADORES in Spanish 14 Jun 82 p 2

[Text of a speech given by Roberto Veiga Menendez, secretary general of the Central Organization of Cuban Trade Unions and alternate member of the Politburo of the Communist Party of Cuba, at the closing ceremony for "Port Worker's Day," in Cardenas, 13 June 1982]

[Text] Today, on "Port Worker's Day," our people are paying well-deserved homage to merchant marine and port workers, especially the most outstanding ones, who earned the honored title of "vanguard." Those vanguard workers, many of whom are honoring us with their presence at this ceremony, show us by their example that we can still do much more and that, despite problems and limitations, we have even greater possibilities.

This day, although it is called "Port Worker's Day," is actually the day for all those who with genuine passion and love are devoting their efforts to maritime and port activities, which include jobs as important as the repair and construction of ships, maritime transport, consignment of ships, activities at bulk sugar terminals, and security and maritime services.

It is no coincidence that this ceremony is being held in Matanzas Province. It became a matter of honor to all Matanzans to be the center for "Port Worker's Day," and they earned the recognition that is so meaningful to the country's maritime and port workers. This province's enterprise was the most efficient one in the country last year. The data reflecting economic achievements confirm this.

And why is this ceremony taking place in the port of Cardenas? Because through its achievements, the workers' collective here has succeeded in making itself worthy of receiving, in a solemn ceremony, the special flag awarded by the WFTU [World Federation of Trade Unions] on the memorable occasion of the staging of its 10th congress in our fatherland. Also, because outstanding success was attained here by the workers in the unavoidable effort to achieve greater economic efficiency each day; because here the workers take part actively and responsibly in Socialist Emulation; and, finally, because here, in this place, the workers bring prestige to the union and have made themselves deserving of a salute and recognition from our party and from our central union organization.

On this occasion, when honoring the work carried out by the country's maritime and port workers, we do so aware of how important their labor has been.

and is to our economy. Given the characteristics of our economy, that labor has an extraordinary influence on the activities carried out by the different sectors involving production and services.

The achievements that can be noted today in these activities are encouraging. They include:

Our maritime transport services have met the demands of foreign trade. The merchant marine has continued to improve its dead weight tonnage, and recently we observed progress in organization and work efficiency that is reflected in fulfillment of the transport plan for the first quarter of this year for the fleet itself.

With respect to ports, the increase in work productivity is obvious. In 1974, output per man/shift was 3.6 tons, and during the first quarter of this year it reached 12 tons. At the same time, output per brigade has risen markedly, as have many other indicators.

At the bulk sugar terminals, significant increases have been achieved in physical exports in comparison with previous periods. Records for loading are being set, and progress is being made in the struggle for rapid dispatching.

Many factors have no doubt contributed to these advances, among which we should note: the influence of the measures concerning organization of work and regarding wages that have gradually been instituted, particularly, in the case of the ports, payment for output; the improvement noted in organizational and administrative work; the progress achieved in the organization and carrying out of Socialist Emulation, with particular reference to the "Bright Red" microemulation that began and was practiced among the port workers and which now is beginning to spread among maritime workers; the advances achieved in the union's work; the influence exercised and the attention systematically given by UJC [Union of Young Communists] organizations and committees and, particularly, Party groups; and, above all, the clear rise in the political, revolutionary, and communist consciousness of the workers taking part in these activities.

Of course, the distance traveled and the progress made don't mean that everything has been done, that we've exhausted the remaining possibilities. There's a long stretch to cover in the quest for greater work efficiency and in the effort to increase productivity. Many reserves remain to be exploited. If what we have achieved has taught us anything, it is how much we have left to achieve. We think that you understand this perfectly.

Right now, we are facing an emergency situation in the ports. We must immediately begin working harder to prevent an increase in the amount of cargo left in ships at the end of each month. During the first week of June there were over 280,000 tons still left in the holds of ships.

The unloading of goods being imported during May was fairly irregular. Various factors, including the continuous rainfall, affected most of the country's ports. At the same time, this month, characterized also by interruptions caused by rain, the arrival of around 680,000 tons has been announced.

Added to this hard reality, to make the situation in the port system more tense, is the immediate need to fulfill the commitments undertaken by the country to carry out the exports of raw and refined sugar scheduled for the months of June and July. That is, we are facing a "peak" situation in the importation and exportation of goods; and dealing with it will require a special, maximum effort that constitutes a true challenge that once again will test the unbendable spirit of our maritime and port workers.

We know that this isn't a problem that is limited to you; there are objective difficulties, there are problems with resources, and, as we all know, there are the different factors in the port-transport-domestic economy chain.

Given the emergency we are facing, it is essential that the transport sector meet the needs of the situation, that it organize its work well and that it use all its facilities with maximum efficiency.

It is essential that good use be made of warehouses and that the domestic economy's receiving enterprises distribute the goods. If circumstances require it, there should be work at the ports on Sundays and work schedules at warehouses should be adapted to our economy's pressing needs.

It's very important for CUFLET [Cuban Freight Enterprise] to carry out distribution of cargoes in time to avoid a single boat/day's being lost owing to deficiencies in distribution. The Mambisa Steamship Enterprise should insure the timely translation and forwarding to the ports of the cargo manifests.

Finally, right now it's essential to speed up loading and unloading and transport and receipt of goods in the ports.

This does not deny, of course, the successes that have been achieved in this undertaking. The functioning of the port-transport-domestic economy chain is a battle in which significant victories have been attained, in which there has been a clear demonstration of the revolutionary consciousness of workers in the ports, at the transport centers, and at the warehouses, and in which countless problems have been overcome, all this providing clear evidence of the workers' will to overcome.

The effort displayed by the workers at the centers making up the port-transport-domestic economy chain produced notable advances last year. The negative financial balance at the ports was reduced, from 15.332 million pesos in 1980 to 7.237 million pesos in 1981.

Recognizing these successes does not free us of the duty and the need to ask that you continue fighting, ever harder right now, to eliminate the organizational deficiencies and oversights that still remain in this activity, which, we know, is fairly complex.

This reality obliges us to increase our effort so that in each of our ports we combat with necessary vigor all the subjective elements affecting work that still haven't been overcome. We must eradicate the deficiencies still to be found in shipping operations, in operational planning, and in maintenance and use of

equipment. We must meet the performance standards established with respect to each person's activity. It's necessary to find formulas that help to increase utilization of the work day to the maximum and that, in general, contribute to implementation, as appropriate, of all rules and measures intended to strengthen work discipline. We must do everything that may be necessary to meet the great demands made on us at this time by our imports and exports.

The efforts we devote to this undertaking will be an invaluable contribution to our economy, for they will lead to greater efficiency in production and service activities, and they will help to reduce payments of foreign exchange for demurrage. At the present time, this last is extremely important. Everything that means saving, primarily saving of foreign exchange, is vital to the country.

As you know, sugar prices are continuing to fall sharply, which means--in fact--that the value of our currency is declining in the international capitalist world. The situation gets worse because, as has been said, prices of products we must unavoidably purchase in that market are rising in an uncontrollable inflationary spiral. That reduces our ability to purchase raw materials, equipment, and spare parts that are essential to fulfillment of our economic plans.

The lack of foreign exchange has forced us to reduce some of our objectives for this 5-year period. We are faced with a difficult economic situation within a complicated, dangerous international situation that requires that we also devote substantial resources to the country's defense, avoiding being surprised by any imperialist military aggression. Just because we lack resources, especially foreign exchange, we don't have the herbicide needed to clear cane fields, and thus we're forced, basically, to perform this job by hand, which means we must mobilize large numbers of people in every province. Hence, among other reasons, the great importance of increasing the effort produced by you and all the factors involved in port activity with a view to substantially reducing payments for demurrage in the ports.

We are only a few weeks away from the commemoration of the heroic attack on the Moncada Barracks. Inspired by the iron resolution and courage of those brave men who sought to "take heaven by storm," let us likewise take the problems by storm, prepared to overcome them.

Let us declare our ports in a state of "combat emergency" during June and July, until we victoriously complete the pressing tasks that lie before us!

Our Revolution and party have complete confidence that you, as always, will be able to answer this call in a way that characterizes our working class: with dignity, courage, honor, and revolutionary passion.

We know that the need to lend support to maintenance and repair of facilities is often cited by port workers; we aren't unaware of the importance of making the expenditures that are planned. We are working on this; there is an awareness of these problems, and we're trying to advance as the possibilities to do so arise.

There are other problems that affect port activity which are related to safety and health on the job. Of course, the management and the union are obligated to fight to solve them.

The union has wanted--and we consider the idea feasible--to make this day not only one of taking stock and of recognition but also an event that contributes to energetic planning of work for the months and years ahead. During the past few months, a process involving meetings has been under way; it has the slogan "For increased port efficiency and eradication of demurrage." These meetings have served to inform the workers about the problems we have and to seek their views and their efforts to eliminate them. Participation by workers in this process was massive, enthusiastic, and encouraging. It came to an end yesterday with a plenary held in the city of Matanzas. The decisions reached are intended to increase port efficiency, transform the ports into a source of foreign exchange, improve our country's maritime transport with our own fleet, and measure its efficiency not by tons transported but by ship/days taken for loading and unloading. Other goals are to achieve better results in the repair of ships in our shipyards, improve efficiency in enterprises connected with port activity, and to arrive at the union's congress, to be held on 23 and 24 November, with the Technical-Economic Plan fulfilled and displaying extensive mobilization of workers with respect to our most important political, economic, and social objectives. Thus, this date may represent a new stage characterized by a qualitative leap forward in the union's activity and in participation by the workers in the fulfillment of their primary tasks.

Everyone is familiar with the exploits of our maritime and port workers. On countless occasions, our press has reported the freight-handling records established by brigades at different ports in this country. It is with a great deal of pride that we've recognized feats in labor and combat of our maritime and port workers in the international aid given to other, brother, peoples. The maritime and port workers have given us innumerable examples of their love for the revolution, of their understanding of their social duties, of the growth of their patriotic, solidarist, and internationalist spirit.

The good conduct of our port workers is a means of conveying to the seamen arriving at our ports the new moral and revolutionary values that have sprung forth and are burgeoning within our people's hearts. The good conduct of our seamen when they are abroad, their modesty, honesty, sense of duty and solidarist spirit help to improve the opinion held abroad of our working class' and people's moral and revolutionary stance.

For this reason, among others, we cannot allow the virtues that are so widespread among members of this union to be tarnished by a small minority of antisocial, non-class-conscious types who still exist and who act incorrectly, engaging in all sorts of harmful activity. Those repugnant types need to be given a kick. Those corrupt types cannot remain in the ranks of Aracelio Iglesias' glorious union.

Dear comrades:

We don't want to conclude without first expressing to you, on behalf of the Central Organization of Cuban Trade Unions, our most sincere greetings and the great joy we feel at being able to be with you on this memorable day, a day we now jubilantly celebrate because of the triumphant existence of the Revolution. What bitter memories there are for many of you who lived through the hard bourgeois past! A past of unemployment, job insecurity, lack of culture, sickness,

poverty, crime, and disregard for workers' lives on the part of all-powerful capitalist bosses!

And what a vast difference between that painful yesterday and this bright present, and, especially, the splendid future of the socialist fatherland!

Today we don't live in anxiety about work because the Revolution guarantees work for our people, nor are we overwhelmed by the need to provide education and health care for our children, for the Revolution has solved those problems forever.

Today there are other problems and essential tasks to occupy most of our time and our lives: what to do every day, every hour, every minute to contribute to the Revolution's more rapid advance? What to do to help in the heroic struggle of other, brother, peoples for a better future?

It's true that our struggle is difficult, that the effort to be made is enormous; but a people like ours, toughened in the struggle, disdains easy victories, for it knows that the only victories worthy of recognition as truly deserving praise are those obtained, as has occurred thus far, through the combativeness, the resoluteness, and the ongoing readiness for sacrifice that have been demonstrated repeatedly by our working class, the workers, and our people in general. It's true that our struggle is difficult and that the effort to be made is enormous, but there is something that more than repays us: knowing that we are free of foreign domination; that we are in charge of our destiny; that we don't ever have to put up with insults to our dignity and self-respect as men and as workers; knowing for certain that the fatherland for which several generations of Cubans fought is not now and never again will be a pedestal supporting some oligarchy of exploiters, political hacks, parasites, or imperialists; knowing we are forging a new society; and viewing the future with optimism. In the world's eyes, Cuba is today, and forever, a moral and revolutionary power!

The Yankee imperialists have not forgiven us for shaking off their yoke. As a result, for over 20 years their threats and attacks grew worse, and have increased recently. But they know that we aren't afraid of them, but rather disdain them. They know that here there is a people that is better prepared militarily day by day, prepared to give its last drop of blood to protect its revolutionary achievements, to defend the fatherland's sovereignty and the sacred right to life!

As we said, soon we'll reach the 29th anniversary of Moncada's clarion call. Between then and today, we've traveled a long road of struggles and glory.

Today we have great things to achieve. We reaffirm our unfailing will to carry them out and to move ahead, determined to be, day by day, more revolutionary, more internationalist, more communistic! That should be our enduring commitment to the Revolution and the fatherland and to the one who has devoted his entire life to the workers' and his people's cause, to the one who feels personally the humiliation and misery suffered by millions of brothers in countries elsewhere in the world, to the founder of the first workers' and farmers' government in America, our chief and guide, Comrade Fidel!

Long live the maritime and port workers! Fatherland or death! We will overcome!

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## NEED TO INFORM YOUTH ABOUT LABOR NEWS DISCUSSED

Havana JUVENTUD REBELDE in Spanish 4 Jul 82 p 6

[Text] We have come to the epilogue of a topic of great importance and interest: labor information for young workers. Roberto Veiga, an alternate member of the Politburo and secretary general of the Central Organization of Cuban Trade Unions (CTC), Joaquin Benavides, the presiding minister of the State Committee for Labor and Social Security, and Idalberto Capote, who is responsible for that field of activity in the National Bureau of the Union of Young Communists (UJC), express their views in succession in the column, "A Debate."

Roberto Veiga, alternate member of the Politburo and CTC secretary general:

We have with great interest followed the concerns expressed by our young workers through the Sunday column, "A Debate," which without a doubt constitutes a valuable additional way of acquiring information on and familiarity with the problems we are facing.

The union movement has increasingly been extending exceptional importance to our work with youths.

This is only natural when we consider the fact that most of our skilled workers and technicians and about 40 percent of the country's manual laborers are no older than 30 years of age.

This imposes on the union movement the need for finding new ways of getting closer to the younger generation of workers and of winning them over for the performance of the tasks assigned to the union movement in the struggle for economic efficiency, job discipline and the systematic raising of the workers' political, cultural, occupational and technical levels.

At the same time, the obvious fact of the existence of typical youth motivations, concerns and characteristics determines the ways of approaching young people, of interesting them in the active life of the collective and getting them to be enthusiastic partners in all the commitments the workers are facing, ways that cannot be the same as those employed with the other adult members of the collective, but which must be considered and based on the current conditions and peculiarities of the younger generation in order to fully win

them over to assume the tasks and responsibilities the revolutionary government calls on them to perform.

Comprehension of this fact, after years of searching and accumulation of experiences, of achievements and also of obvious shortcomings, is what has been guiding our union effort with the younger workers since the 14th CTC Congress.

Obviously, we have achieved successes. The endorsement of the Joint Directorate between the UJC and the CTC and the reciprocal documents pertaining thereto as of 1978 not only contributed toward the specification, on solid, objective bases, of cooperative and reciprocal relations in the activities of both organizations, but also made possible the coming into being of new ways of approaching union and youth efforts among our youth masses, ways which did not exist in this country before.

The new admissions into the working class, the incorporation of tens of thousands of youths into union leadership and activist assignments, the increase in their active participation in socialist competition programs reinforced in 1981 by the creation of a new competitive category, that of "Best Young Worker," the restoration of the "Job Honor Rolls" at job centers and in towns, provinces and nationally, the development of cooperation between the BTJ [Youth Technical Brigades] and the ANIR [National Association of Innovators and Efficiency Experts], support of the Movement for Youth Economic Initiatives and shock operations, the growing incorporation of youths into the Movement for Those Who Are Outstanding in Competition and the increase in their participation in the Worker Sports Games and the Amateur Artists Festivals, combined with the increase in healthy recreation which the UJC has been promoting through camping are obvious successes we have achieved over the past few years.

However, we have not been successful in everything and much less so systematic in our daily chores.

There are still shortcomings in these and other tasks, largely caused by their different natures, but the relatively little time involved in developing them and also — it is only right for us to recognize the fact — by the underevaluation of their importance within the aggregate of tasks the union movement daily faces.

#### We Must Emphasize This

Above all, we must emphasize this even more in the present and the near future: Working with young people, training them properly, inculcating them with solid habits of behavior compatible with our society, preparing them politically and ideologically and letting an awareness of their individual and collective responsibility to their class and their people ripen constitute a decisive mission designed to assure a worthy relief force, capable of tackling the jobs the uninterrupted development of our society demands of each and every one of them.

Every step we take in looking after our young people is a step up in that direction. We must look after our young people from their first working day,

sponsor them during their apprenticeship and adaptation to the discipline and standards of the jobs they are doing, implement measures that will contribute toward improving their working conditions, get them to be enthusiastic in the development of the assignments of the collective and encourage them to succeed in their accomplishments on the job, train them in everything that has to do with labor and social legislation so that they will come to have a clearer understanding of their rights and duties with regard to the labor collective and the society. In addition to the action union leaders must firmly and systematically develop, this will contribute toward the avoidance or reduction of the excesses that some administrations not infrequently incur in applying provisions of the laws concerning labor. We must inculcate them with the mastery and execution of the principles of technology and job safety. Because of the vital importance it has for the country, it is indispensable for us to redouble our efforts to constantly raise the cultural and technical levels of our young workers, most especially through the creation of conditions that may contribute toward emphasis of great economic and social values and the need for training workers in the different trades and occupations, the training of masons, plumbers, smelters, electricians, lathe operators, tinsmiths, mechanics, carpenters and others, on all of whom the optimal utilization of highly skilled technicians and specialists and the advances of science and technology depend.

#### Leisure Time

Of course, it is also necessary to increase our efforts to achieve proper utilization of our young workers' leisure time. To that end we must encourage activities like camping, tourism, sports in general, culture and recreation. As you know, in some of these activities we have had positive experiences and what is required is for us to encourage them and create conditions that will permit the large-scale incorporation of the mass of young workers into them.

But all this cannot be mechanically developed. We must in every instance discuss how we can ensure the achievement of these objectives. Every union leader, every worker must feel himself responsible for this training mission.

We have to think about how we can increase their participation in the jobs to be done and the appropriate satisfaction of their concerns and motivations in terms of the specific conditions of the place of employment and the possibilities offered by the place it is located in.

No one can avoid this responsibility. Every union local, office, town, province and union must devote ever greater attention to this task and a large part of its systematic efforts to its consolidation.

We have an abundance of young, aggressive, selfless workers who are ready to carry out as many tasks as the revolutionary government assigns to them. We have extraordinary examples of this inside and outside the country, on internationalist missions as fighters, teachers, technicians and construction workers.

So, we have to turn our job centers into pleasant places, where young workers who are starting out in an activity that is so important and decisive for

their lives and for the society: work, may have a sense of fullness, feel themselves to be creators, through their efforts, abilities and intelligence forgers of the new fatherland of the future, whose cement all of us are today mixing.

Idalberto Capote, member of the UJC National Bureau, in charge of caring for young workers:

This column is very important and has opened a new opportunity to channel the concerns of young workers over various vital issues like the one we are discussing, labor information. We have been attentively following this discussion and the opinions expressed with regard to the UJC effort among the rank and file have been of particular interest to us.

We have not attained required levels as concerns the job the UJC rank-and-file organizations should be doing with newly admitted young workers in the labor collectives. This is apparent in two different ways: At some job centers they have entirely disregarded this need and at others the appropriate method has not been employed.

They have only taken care of youths admitted to the job center for an unspecified length of time; those admitted on the basis of contracts are forgotten. In doing so, they fall into the error of thinking that they only have to do this when a group with similar characteristics is involved.

We cannot claim that there is a lack of guidelines with regard to this. For a long time now the UJC has been working on these problems and with the CTC-UJC Joint Directorate the focusing of attention on young people who are beginning their working years is analyzed on a priority basis. Nevertheless, we have not succeeded in internalizing these precepts and we feel that this is very important because the two organizations bear a great responsibility in this matter.

And, furthermore, I would say that we must make this effort not only with those who are just beginning, but with all youths, whether they have worked before or not, because there are a number of common reasons that result in the fact that they do not feel comfortable [on the job], that they do not contribute all they could, that they do not succeed in integrating themselves into the collective that accepts them, reasons that appear with sufficient similarity in both cases.

#### UJC Must Be Demanding

The UJC must improve its effort in this direction, must demand information from the administration on new admissions, because the UJC cannot on its own find out — sometimes it does, many months later — that there are new youths at the job center. Procedures have to be established, areas of coordination specified and it must be required that these be carried out so that no time is lost in receiving the aid the administration has to provide for them.

Some rank-and-file organizations have asked themselves how to deal with the formalities entailed in new admissions, and this too has had an effect on the situation. But there is no need to complicate matters; it should be a simple and specific procedure. After getting to know the new youth, a meeting of the collective should be held so that the UJC leaders can in turn get to know him and inform him about the usual practices at the place of employment, the importance of the services it provides, the safety and hygiene procedures that must be observed, his work rights and duties, the job he will be doing and his prospects for promotion.

When all this is lacking, the youth experiences much more delay in integrating himself into the collective and, therefore, the results he obtains are not good enough. Sometimes the job center is affected and this has very serious implications for production because, for example, expenditures are laid out for training which are not later recovered in the form of productive results or a youth does not get to be sufficiently skilled, producing accidents, breakdowns, etc.

The other problem is that, if he is not a graduate, he has to be a helper or assistant. Such a position is not paid very well and the physical effort required is greater. When the youth feels that he cannot get to be a skilled worker, semiskilled technician and even to study at the university, he will look for these opportunities where he can find them.

There are times when, despite the existence of favorable circumstances, the young worker leaves because of a lack of information. On the other hand, there are certain administrative policies that bar the way to advancement for youths and make promotion incentives or transfers to better jobs practically impossible.

Job information problems will not be resolved by merely considering these matters, but such consideration is indeed the point of departure for resolving the most important of them. The UJC should see to it that, when a youth joins a collective, one of the more experienced workers serves as a "godfather," as we refer to him in the CTC-UJC Joint Directorate report, and that he helps him to improve his familiarity with the work and his skills so that he will be more productive. He should also be informed as to how workers had to work before the revolutionary victory, so that he can make comparisons.

#### Incentives

It is true that youths to a great extent lack incentive. I believe that some steps have been taken and that the means we have for encouraging them are not properly utilized. We must make a great effort to use the means we already have in terms of union competition and recognize the job done by the youths just as we do with the other workers.

It is specified that, in those cases where the most outstanding worker is not a youth, the one who is most outstanding because of his work attributes will be chosen from among the youths and with these candidates activities must be promoted. This procedure is being followed at all levels, even to the point

of selecting leaders in the different unions, which has been carried out since last year and should continue to be developed.

There are other incentives that are being procured in coordination with the unions. For the same purposes, several productive movements have been set in motion which have in the end turned into new kinds of incentives, for example, the "Working Youth Fights for Economic Efficiency," which applies itself to the sugar cane harvest and which has resolved to be the best in every operation. When it is over, they will elect 65 national champions who will have their week of tribute from the 14th to the 17th of this month, among other material and moral incentives. This is also going on in the construction sector.

Not only young people involved in production are distinguishing themselves, but also those who are carrying out internationalist missions and other tasks. They are slated for inclusion in the "Job Honor Roll." They may also receive the badge, "Forgers of the Future," among other honors.

At the present time a method of providing incentives for youths in the health sector is being studied. Influential in arranging for this is the fact that the three sectors referred to have the highest concentration of youths in the country. An individual and collective competition program for the technicians who work on the manufacture of spare parts is also being studied and during the second half of this year we may be able to initiate this type of competition with them.

#### At Every Center

No method used to inform youths should be neglected, inasmuch as there are centers with specific features that have to create their own conditions to meet this youth need. Where the conditions and experience already exist, as in the cigar factories, they should be utilized. The experience of the Francisco Perez Cigar Factory is a very positive one.

We must think about how we can provide more systematic information at every center in accordance with the conditions existing at it, and this information must be not only from the point of view of the work, but also from the political and any other kind of viewpoint. When an experience can be generalized, like reading up on cigar making, we should do so and improve on it.

Last year over 9,000 initiation ceremonies were held and the procedures for implementing sponsoring, checkups, economic initiatives and other measures for young people have been established. Moreover, specialized controls, aid and checkups have improved and progress has been noted with regard to the handling of young workers' problems. We have to do our best in this effort and this is the responsibility of all of us.

When we penalize a youth, we have to concern ourselves with why we had to do so, and the first thing the UJC has to do is to eliminate the causes that lead to the penalization of a youth. When faced with a situation which the administration has no policy for handling, the UJC must express its opinion, discuss and deal with the problem in concert with the rest of the representatives of the center.

We will have begun to combat our shortcomings in these areas when we demand information as to when a youth arrives at our job center and when we begin to educate him in terms of the new world in which he will be performing his most important functions as a human being.

Joaquin Benavides, president of the State Committee for Labor and Social Security:

With interest and pleasure, we have every Sunday read the recently created column, "A Debate," which we in this case consider to be a fit and proper vehicle for bringing together young workers' concerns over their job experiences.

Considering the interest we have in the instructive experiences some youths have expressed through this column, it seems to me relevant for me to give my views on the problems that have been raised and to do so I will try, insofar as is possible, to follow the order in which these problems have been published.

#### Beginning of Job Information

We agree that job information must begin with the initiation of the youth as a worker and with the fact that the municipal Labor Agency of the People's Government is a chief factor in the youth's starting his first job duly informed.

With regard to this, Decree No 73 of 22 August 1980. which is in effect in all the provinces with the exception of the La Habana provinces, specifies that, to obtain employment for the first time, every person is previously listed in the labor reserve register of the labor directorate of the town he resides in and this information is recorded on his identity card. Now at that time he should be informed of the fact that he can personally make his own contract arrangements or resort to the municipal Office for Job Guidance. In the first case, every organization will provide job applicants with the necessary information as to job specifications, working conditions, disciplinary regulations, wages for the position, shifts and as much more information as is required and which applicants should be aware of. In the second case, that is, if they resort to the municipal Office for Job Guidance, the latter is obliged to guide them with regard to existing job offers, offering them all the information that will enable these youths to reach a decision. At present we are taking the necessary steps to see to it that these Offices for Job Guidance efficiently carry out this assignment.

With regard to the courses developed by the agencies without provision for a guarantee of subsequent employment, we think that this is an erroneous practice since the completion of these courses could be made appropriate to the needs of production and/or the services. At any rate, those who satisfactorily complete these courses deserve an explanation from the agency in question of the reasons why they have not been absorbed as workers.

Many of these questions and others that are certainly a source of concern for young people could be channeled at the right time if the principle of

initiating or welcoming young workers was applied. In connection with this, it is our intention to assist the worker movement in the efforts it is today making to advise workers of this practice that this is an obligation of management through the appropriate provisions of the laws.

The experience of the Cuban Steel Enterprise, which the young worker, Florentino Cruz, stresses as being a positive one, could have been improved on if they had also explained the mechanics of the evaluation and classification systems to the workers, since both items are important in terms of their livelihood and there has been extensive regulation of these systems.

With regard to the furnishing of job records, it has been established — in Resolution No 510 of 13 September 1980 — that all administrations are obliged to prepare job records once the probational period is over and always when the job contracted for is for a period of more than 6 months. In the case of the provinces of Ciudad de la Habana and La Habana, Resolution No 9 of 17 February 1976, which also requires the execution of this procedure at the end of the probational period, is in effect.

The Public Service Law establishes the requirement that intermediate and advanced-level technicians remain where the revolutionary government needs them for a period of 3 years. Organizations must in turn guarantee youths who have graduated working and living conditions that will enable them to find suitable jobs.

However, we have been working on the modification of Law 1254 in order to adjust some provisions which are not in keeping with our country's present conditions of development. Until the work that will permit us to issue a new law is concluded, the law in question will remain in force.

Comrade Juana Felicia Enriquez Goicochea has reported on the importance of labor education from elementary school on and in connection with this she pointed out that since 1979 they have been developing courses on the "Organization of Labor," "Wages" and "Job Safety" in the seventh, eighth and ninth grades of the National Education System. At college level these courses are given as elective subjects.

As for special interest groups, job organization and safety clubs have recently been organized in a limited way in the different provinces. Secondary school and college students meet under their auspices.

Nevertheless, students' knowledge of labor issues is still insufficient and we must work in coordination with the MINED [Ministry of Education] to go on improving their current knowledge of them as well as to gradually introduce them at all educational levels.

With regard to the problem raised by Comrade Juan A. Bermudez, who, while he is not biologically a young man, rightly expressed his opinion on the subject of the incidence of accidents, we must say that the factors he pointed out have indeed an important bearing on the problem: improper or proper instruction of the young worker in the rules of safety and hygiene, as well as

superficial training, a not very exacting and attentive immediate superior and a lack of objective information aimed at all workers and in particular at new admissions.

With regard to this, I feel that it is absolutely necessary for us to be more demanding in our standards, that specific job safety problems at each place of employment and the causes of the accidents that occur at each enterprise should be investigated at the enterprise itself by its managers, the board of directors and the enterprise's union organization in order to adopt specific measures that may contribute to reducing them.

In this area one of the most important measures is that each and every worker be required to carry out his duties — established by Law No 13 — particularly workers' immediate superiors.

#### Executive Decree 32

Another important example of insufficient information on labor laws is the fact that Executive Decree No 32 of 16 February 1980 is not applied only "to fire a worker" from the job center, as a youth felt he had to write to JUVENTUD REBELDE, but is a right granted the administration so that it can take corrective action in the performance of its duty of keeping watch over job discipline and the exercise of the right that is in keeping with its authority.

This executive decree permits it to impose and apply the appropriate disciplinary measures, among which are public and private admonition, temporary transfer to another job or duty, temporary suspension of a period of no more than 30 days and indefinite suspension from the job or duty at the budgeted unit, job center or enterprise. This last measure is invoked against anyone who on repeated occasions fails to comply with job discipline, depending on the personal circumstances of the offender, the gravity of the infraction and the damage that has been caused.

On the other hand, this very executive decree authorized the drafting of disciplinary regulations for the different industries and for the internal use of the enterprises with regard to responsibility for maintaining discipline. These specify the obligations and prohibitions that workers in each occupation of job must observe.

The workers play a decisive role in drawing up, discussing and approving these regulations.

Generally speaking, it is evident that one of the problems most repeatedly referred to by youths in the column, "A Debate," is the one pertaining to inadequate information on labor laws now in effect. In connection with this, I would like to express our determination to improve on the publication and propagation of data within our province in all possible ways and means, including, of course, the newspaper, JUVENTUD REBELDE, and I also notify you that we are ready to consider all letters expressing concerns over labor laws received by this editorial staff and to appropriately advise on or solve each case.

11,466  
CSO: 3010/1931

## CONTROVERSY OVER CENTRAL BANK NATIONALIZATION

## Morazan Bonilla Lauds Nationalization

San Salvador LA PRENSA GRAFICA in Spanish 30 Jun 82 pp 3, 51

[Text] "El Salvador is the least indebted country in Central America as evidenced by the fact that the private sector has received almost twice as many bank loans from the nationalized bank than previously, when it was in private hands," said Joaquin Morazan Bonilla, vice president of the Central Reserve Bank [BCR].

The official went on to say that in 1978, loans were granted amounting to more than 1,914 billion colons and that, in 1981, the total came to 2,303 billion colons, issued by the private bank now nationalized and by state banks, such as the Agricultural and Livestock Development Bank, the Mortgage Bank, FEDECCREDITO and others; in 1979, the private sector received 239,900,000 colons in loans and, in 1981, 1,837,300,000 colons. "The foregoing shows the effectiveness of the nationalized bank and the inadequacy of the bank while in private hands," Morazan Bonilla pointed out in a chat on the topic: "International Money Policy from the Problem of Foreign Currency in El Salvador," given at the Salvadoran Institute of Municipal Administration (ISAM).

## Bank Nationalization Increases Deposits

The BCR vice president said that the disbursement of more than \$400 million in 1978 and 1979 left the private bank of El Salvador in a difficult situation. "It finally reached the point where it had only 800 million colons in bank deposits at the time of its nationalization," Morazan Bonilla said.

"But after nationalization, the reaction was so great," he said, "that on 31 December 1981 there were 350 million colons more on deposit than in 1980."

The BCR official stated that, in analyzing the economic benefits derived from the nationalization of the El Salvador bank, one needs only to recall that the BCR was nationalized in 1960 and that the move was so successful that, in 1965, the Economic Development Fund was established just with the profits obtained by the BCR in 5 years of nationalization.

### Nonrecoverable Credits

The BCR vice president reported that, when nationalization of the Salvadoran bank occurred, there were various institutions which had been subsidized by the BCR and had then suffered a crisis. "More than 20 percent of their loans were nonrecoverable inasmuch as credits had been granted to insolvent individuals and, on many occasions, without any real collateral," Morazan Bonilla said.

### BCR Guarantees Bank Deposits

The BCR official also said that his institution, working hard to safeguard the deposits of its customers, had acted with great efficiency, subsidizing the private banks in times of crisis, "for its mission is to guarantee the funds of its depositors," he concluded.

### Financiers Score Bonilla's Statements

San Salvador LA PRENSA GRAFICA in Spanish 1 Jul 82 pp 3, 13

[Text] "Officials of the Central Bank, which is one of the organizations managing the country's economy, should be more careful in speaking of nongovernment sectors and not treat them disparagingly." This comment was expressed yesterday by spokesmen of various financial circles upon reading statements made by Joaquin Morazan Bonilla, vice president of the BCR, on the advantages he says today's nationalized bank has over yesterday's private bank.

The financial circles took offense at what the BCR official said in a chat on the topic: "International Money Policy and the Problem of Foreign Currency in El Salvador" in which he made repeated criticisms of the role the private bank played before being nationalized in March 1980.

The financiers also said that the BCR official did not stick to the real substance of the chat--namely, the lack of foreign currency the country is facing due to its using up its international reserves and decreasing to rock bottom its exports of basic products, such as coffee, cotton and sugar--the main sources of its foreign currency.

They stressed that Morazan Bonilla spoke more like a member of the party formerly in power, coupled with the fact that the chat took place at the ISAM operating at the San Benito sugar plantation where vigilance is maintained by agents of city hall.

The spokesmen also emphasized that the official's observations, which should have been of an economic and technical nature, were more along an economic-political-partisan line and that they are only serving to damage the prestige of the BCR whose operation should be strictly technical and not reflect any party leanings.

In addition, the financial representatives said that it is much too soon to speak of the accomplishments of the nationalized bank, since we have the precedent of Costa Rica where, many years ago, the private bank was eliminated; and here we have a country which, for a long time, has also been undergoing a serious crisis in its economy, owing more than \$1 billion to a group of foreign banks without even being able to pay the interest.

In our country, it is not at all a good sign that there has been a simple increase in deposits, since that might be the consequence of the impossibility of importing a variety of capital goods, raw materials and other items essential to the needs of the country's industrial and agricultural production.

The same spokesmen said that it is not beneficial to keep large deposits in banks, since it would be better to keep that money in circulation and thus benefit truly productive sectors.

They concluded their remarks by saying that officials of the present administration should be more careful in the statements they make and not persist in giving inadequate and offensive information to those who have always been concerned about helping the country at all levels of activity. "The position of the BCR official in question is erroneous," they said.

8568  
CSO: 3010/1976

## MINISTER MATHEU SPEAKS ON ECONOMY RECOVERY AT CEM

Guatemala DIARIO DE CENTRO AMERICA in Spanish 15, 16, 20 Jul 82

[Speech by Economy Minister Julio Matheu Duchez at the Military Studies Center: "National Economic Recovery"]

[15 Jul 82 p 2]

[Text] Economy Minister Julio P. Matheu delivered an interesting dissertation during the important meeting held on 13 July at 0800 at the CEM (Military Studies Center) at the "Mariscal Zavala" Brigade in this capital on the subject of "complete mobilization of the military establishment and the country's productive forces." The speech was delivered in the presence of the President of the Republic, Gen Jose Efrain Rios Montt, generals from the General Staff, the vice minister of defense who is acting defense minister, various ministers of state, presidents, managers, and leaders from the country's production sector and government officials. Below is the text of this important address.

Text of Speech

We are facing one of the most serious overall crises which the country has ever experienced, I would say, in its entire history, since our declaration of independence on 15 September 1821. The current crisis, I repeat, is one of the most serious because many of you here remember the crisis during the 1930's when we had a depression because the crisis we face now is of much greater proportions than those of the past in terms of money volume, in terms of the size of the problems facing us, in terms of the complexity of solutions, and in terms of the number of persons involved and that of course has an effect on the entire country.

Gentlemen, the time has come to speak the truth with the greatest possible clarity and I could not do that with the absolute frankness required if I were not to ask God that he enlighten us as we start out on this endeavor and give us ease of communication so that we may understand each other.

Among the problems making up this crisis we have the following: extraordinary shrinkage and weakening of production activities leading to the closing of some enterprises and possibly others in the future; rising unemployment and part-time employment to a greater extent than ever before in history; shortage of goods and services; and besides we have the guerrilla war; the country's international prestige has gone down as a result of the efforts of forces which have now been orchestrated to create this loss of prestige for Guatemala. This has also been reflected in the lack of internationally obtainable loans and the denial of aid from traditional countries that have always stood with us.

All of this requires the government immediately to come up with a plan that would be as realistic as possible within the parameters we have to work with so that we may once again concentrate on the country's structure and economic takeoff; this is something we can contemplate only amid the unity of all Guatemalans, once and for all discarding the idea that it is the public sector versus the private sector, realizing that the country can only go forward with the help of the clear union of those who claim to be in the public sector and the private sector; in this sense we could say, as the great humanist Miguel de Unamuno said, "The fatherland is the unity of purposes in universal terms."

But in practical terms we must realize that it is absolutely clear that no government in the history of mankind has ever produced wealth for its country. Wealth comes from the production sector. This also means that any person who produces is a member of that sector, be he a simple citizen involved in business activities or a member of the administration or the army who, apart from their own activities, also devote themselves to producing in a business context.

We must clearly see that government means services and government is service when it comes to supporting the country's production sector and this is what creates wealth for the nation; we must realize that the only way to exist is to work through thinking people who move the entire sector through the presidents, the managers, the executives, the workers, etc., who make up 35 percent of our population. Guatemala's economic strengthening and recovery will be achieved on the basis of affirming and respecting the liberty which God gave us and therefore our growth based on our principles of freedom of enterprise which, through our responsibility, obligates all businessmen and productive men in Guatemala to attain our growth goals.

Let us make the country's vigorous middle class more productive and let us make sure that all Guatemalans be the middle class; that will mean the distribution of wealth which is in line with our convictions as to social justice, our endeavor to bring the benefits inherent in the growing strength of this force to the vast majorities of our population.

But, as I pointed out in the United States Chamber of Commerce in Guatemala--"if Guatemala is what it is"--that is due to the vigor and commitment of its leaders and businessmen; this is demonstrated today as we gather here to meet with each other in this place and this is true because the best sons of Guatemala are responding with faith and confidence, an ingredient which is highly indispensable so that we may launch what I will outline to you as I go

on. This is part of the group of efforts planned by the Ministry of Finance, the Ministry of Agriculture, the Bank of Guatemala, and the ministry under the direction of yours truly.

Against the background of these very clear parameters, let us look at what we have been studying and next let us see what we have to do, all of us Guatemalans. We have studied an emergency plan which will give us clear outlines so that we may give the most determined aid for the development of traditional products, promoting and stimulating the farmers directly so that they may get into the field of agribusiness. We are greatly interested in providing the necessary impetus for the Central American Common Market; to achieve that, Guatemala convened two meetings, Costa Rica held one, and now the fourth meeting has been summoned by SIECA [Secretariat of Central American Economic Integration], fortunately confirmed by the five ministers of economy, to be held on 29 July. The other meetings were not held since some ministers excused themselves on the grounds that they could not attend. Guatemala however has at all times been resolute in supporting these meetings because it believes that the revival of the Central American Common Market is necessary.

[16 Jul 82 p 2]

We have been very much interested especially in financing to revive the construction industry.

To the extent possible, we also want to revive the tourist industry. Here we might mention the signing of bilateral trade agreements with Israel which have already been carried out, as well as with Mexico and Colombia, Argentina, Venezuela, Chile, Portugal, Haiti, and the Dominican Republic; the agreements with Colombia, Argentina, and Venezuela are ready to be executed.

Next we must mention the change in petroleum policy which is aimed primarily at amendments in current laws.

We furthermore have the guidance mechanisms of the Bank of Guatemala in the matter of money and foreign exchange management; the president of our Bank of Guatemala, who spoke before me, has already touched on that.

In pursuing this study, we arrived at the conclusion that, in addition to all of the other programs--without excluding any and summarizing them--we must very particularly concentrate on and emphasize the export of nontraditional products outside the Central American area. With 98 percent certainty we have established that the export of nontraditional products outside the Central American area contributes to an increase of 53.25 quetzales to the country's gross domestic product for the following year in return for every dollar we get abroad, in other words, every quetzal of nontraditional exports made during a given year.

Nontraditional products exported outside the Central American area constitute a takeoff base for the country's economy in the sense that, if we arrive at clear measures, we can close the gap in deficits which Jorge Gonzalez del Valle talked to us about and, by supporting and supplementing our traditional

exports, we can even achieve a foreign exchange balance for ourselves which would enable us to keep up with the standards and the "timing" of the economy so that we may import all of the basic investments which we need for agriculture, all of the products for commerce, and all of the capital goods and investments for our industry.

Now, here is the plan and I want us all to concentrate our attention on how we can get to work.

The goal for 1982 is to sell nontraditional products outside the Central American area worth 360 million quetzales, including nontraditional farm and industrial products. In 1981 we exported 253.5 million quetzales worth of items of that kind; we can easily see that we are thus proposing a realistic target for 1982 although additional efforts are required here.

GUATEXPRO [Guatemala Products Exports?] has been appointed to act as the executive secretariat for the implementation of this plan with the close collaboration provided by engineer Juan Jose Urruela, the coordinator for the private sector; both of them will have the support of government institutions and various chambers in the private sector and we hope to get the support of all of them since this plan has not yet been fully explained to all of them.

We also want to make sure that this plan will become the mechanism enabling the private sector continually and permanently to address itself to its problems so as to provide dynamic impetus, along with rapid attention from the government because we are aware that each sector has its own special problems.

#### I. Classification of Enterprises

Right now, GUATEXPRO is already rendering its services to 400 nontraditional products exporting enterprises and that number keeps growing every day. I want to take this opportunity to invite those of you who have not yet done so to join GUATEXPRO.

In order to be able to meet your service requirements in an individualized form, in terms of support for the international market and products adaptation, according to the requirements of the foreign markets, those 400 enterprises have been classified by GUATEXPRO according to products groups and subgroups, on the one hand, and on the basis of common interest criteria, on the other hand, in accordance with preferred markets, commercial information requirements, contacts with buyers, priorities in terms of technical support and services, organization of trade missions, and looking into problem areas which require solution on the government level, such as access to financing, transportation, etc.

#### II. Work to Be Done

Based on the necessities expressed by the 400 already affiliated enterprises, GUATEXPRO is planning on doing the following work with respect to products, markets, and activities in which the new enterprises which join this effort will also become involved.

#### (A) Administrative Aspects

Appointment of group coordinators by GUATEXPRO, appointment of group of coordinators by the private sector's general coordinator.

Organization of meetings of subgroups with the coordinators of their respective group so that they may elect the subgroup's representative from among their midst.

Drafting of a manual of procedures and recommendations for the tasks to be developed by the group and subgroup coordinators as well as commitments to be undertaken by participating enterprises.

#### (B) Technical Aspects

Drafting of the presentation of enterprises and their products, in English and Spanish, containing the available offer from each participating enterprise.

Section of markets to be take care of in a priority form for each subgroup in order to combine products in accordance with markets.

Identification of importers and distributors by markets, as well as their requirements in terms of quality, volume, delivery time, prices, samples, etc.

[20 Jul 82 p 4]

Establishment of contacts for exporters of Guatemala with importers identified on each market, including the coordination of quotations to be used by participating enterprises either through missions organized for enterprise groups and through individual sales trips.

Identification and presentation to the government authorities in areas requiring their attention so as to solve problems, for example, problems pertaining to access to financing, foreign exchange, transportation, and infrastructure improvements to facilitate the arrival of capital goods and raw materials and the shipment of export products as such.

#### C. Support Aspects

Expansion of the selective information service through the following:

1. Expanding sources so that they will include information available in existing market studies and services offered by institutions such as the international commerce center, UNCTAD/GATT, Geneva; the World Trade Information Service of the World Trade Institute, in New York; the Demeter Enterprise, in Paris, through the European Economic Community, in Brussels, as well as the national import promotion centers of the OECD member countries; the chambers of commerce of the industrialized countries and their associations of importers, wholesalers, and agents.

Use of experts already offered by the Embassy of the United States of America to provide guidance for resolving the details and problems relating to the export of nontraditional products to that country and the other expert offered by the Embassy of the FRG, who is familiar not only with that country but with the entire European Common Market.

2. Speeding up the dissemination of this information to interested enterprises in the various subgroups.

Use of the foreign support service of GUATEXPRO and the Ministry of Foreign Relations to provide commercial establishment and to establish contacts and schedule appointments. Channeling of international cooperation in marketing and in the development and adaptation of products for the export sector.

Bilateral cooperation and free-trade agreements and accords (Reagan Plan, Colombia, Mexico, etc.).

### III. Division of Responsibility

To make the way in which the national emergency plan will work completely clear, we propose the following division of responsibilities.

#### A. Participating Enterprises

Responsible for:

Availability of products in commercial volumes;

Realistic price quotations and delivery deadlines;

Quality to meet international specifications;

Drafting of the presentation papers of enterprises and their products according to the formats established;

Appointment of authorized persons to negotiate and to undertake commitments;

Compliance with commitments undertaken;

Export of products.

#### B. Private Sector Organizations

Responsible for the following:

Appointment of group coordinators;

Within each group, election of subgroup coordinators;

Financial support to carry out the emergency plan.

#### C. GUATEXPRO

Responsible for the following:

Appointment of group coordinators;

Drafting of action plans for groups and subgroups;

Drafting of instructions for group and subgroup coordinators;

Appointment of personnel for support action in terms of commercial information, establishment of contacts, including the scheduling of preparatory missions to set up appointments; assistance in the drafting of price quotations, presentation of enterprises and products, selection of markets, marketing advice, adaptation, labelling, quality, etc.;

Periodic progress reports;

Forwarding, to its board of directors, of the requirements arising in connection with institutional or infrastructure support.

#### D. Rest of Guatemalan Public Sector

Responsible for the following:

Access to financing and foreign exchange for exports;

Policy decisions designed to improve the infrastructure (example: Permit the entry of air cargo charter operators, airport fumigation facilities, etc.);

Financial support to carry out the emergency plan.

#### IV. Timetable of Work to Be Done, to Be Worked Out among Coordinators

We in GUATEXPRO have been working, not for days, but for weeks on this emergency plan. We have been working in GUATEXPRO for more than 2 years. Not specifically for this emergency plan but thanks to the work already done before that, we can today collect all of the information we have for nontraditional products; this has made it possible as of 1 April of this year to identify importers in other countries; we now have product profiles and right now we already have 120 such products ready; with a little bit of optimism they could be enough to add up to 300 million quetzales in exports of nontraditional products. However, we already have no less than 400 products, altogether, identified as nontraditional exportable products. The plan therefore does not mean that we are now beginning to do all the things we just mentioned. The plan is designed so that everything we mentioned will be ready for immediate execution so that we may organize ourselves within the next 8 days.

In addition to that I can tell you that the director of the ROCAP of Guatemala has authorized me to inform you that ROCAP-AID, together with BLADEX (Latin American Export Bank) have already drafted a program in which they suggest the amount of \$75 million as the initial amount for service in Central America,

in other words, including Guatemala; it is hoped that this amount will be authorized as of 15 July to provide direct loans for users who immediately need foreign exchange for the purchase of their investments, for the production of export articles, in the form of short-term, 180-day loans, so that the foreign exchange they get through their exports will immediately be used to pay off the loans given them for the purchase of tools and equipment. In addition to the purchase of such items they will also be able to use these funds to finance finished products which await exporting.

To get this machinery going we already have authorization from the IDB to use funds which can be placed at our disposal for the financing of nontraditional products exports.

Gentlemen:

Within the concept we are analyzing here, there is fundamentally a call to survive and successfully to move the country forward; this requires a mental attitude on the part of all of us. Let us adopt this decision to get moving because if we do not do so, Guatemala cannot survive.

If we do not export, if we do not get the means for mobilizing ourselves domestically and mobilizing ourselves toward the outside world, then we cannot survive.

This is the clear understanding and the clear goal which we must have: we must not at this moment be thinking so individually in terms of whether I am going to get additional incentive to do my job; we must not be thinking in terms of whether my neighbor is going to make more than I and whether what I am going to do is going to benefit the other fellow more.

We must think of all of us here in this country of Guatemala. We are all Guatemalans and we must think of what we have to do to improve the quality of life for all of our fellow citizens.

Gentlemen:

If we unite at this moment, if we are ready clearly to concentrate on what our country is and if we get going, then all of us, with that ego that always enables us to be the only possessors of the truth, if we understand that we must seek and discover our mistakes, that we must admit them, that we must change our purpose, and thus to move toward the real truth, then we will be able to mobilize real men and in the end we will mobilize the true sons of Guatemala which the moment demands.

5058  
CSO: 3010/2046

## ECONOMIC SITUATION, ADMINISTRATION'S POPULARITY SURVEYED

Lima CARETAS in Spanish 5 Jul 82 pp 10-17, 71

[Text] While the economic crisis worsens, the new secretary general of the AP [Popular Action], Javier Alva Orlandini, seems to be activating internal rivalries. Even so, a survey carried out by Datum for CARETAS reveals that the government forces retain supremacy despite the wear and tear and the problems.

The Classic Dilemma--Fiscal Responsibility vs Popularity, and Political Endurance in a Year When No One Can Win

International prices for copper and silver have reached their lowest level in 100 years. Peru will lose almost a quarter of its exports. And the fiscal deficit will come to a total of 300 billion soles, and will stop there only if the government succeeds in implementing a still harsher austerity regime. Painful and almost impossible measures with a view to moving closer to the goals agreed upon with the IMF have been announced. The impossible choice between strict economic measures and labor reduction is the classic one. A 9-percent increase for government employees seems modest, but represents a further deficit of 35 billion soles. Under these circumstances, a survey inevitably reflects wear and tear on the government. The opposite would be surprising.

Initially there was applause and flattery from President Belaunde in the Council of Ministers session Friday. The praise was for Alfonso Grados Bertorini, the prodigal son of the Ministry of Labor who recently arrived in Geneva after presiding over the annual conference of the ILO at which, as a very exceptional circumstance, both Pope John Paul II and French President Francois Mitterrand were guests.

After the expressions of appreciation had been duly noted in the minutes, a debate broke out. The cause was Supreme Decree 202-82, a document recently promulgated by the Ministry of Economy and Finance, without, seemingly, consultation with several of the ministers.

### Draconian Measures

This decree, within the framework of a series of draconian austerity measures, reduces budget allocations for overtime by 50 percent, for example. Since a half of the year has already passed, a number of the ministries may well have already exceeded their allocations. The decree is inapplicable, some, including Grados, said in the council meeting.

Pedro Pablo Kuczynski, who in Ulloa's absence is in charge of the MEFC [Ministry of Economy, Finance and Commerce] along with energy and mines, reiterated horrifying figures and warnings. If the national government does not drastically limit expenditures, the fiscal deficit will be much greater than the 300 billion soles which could realistically be expected by December, and will exceed the 4.2 percent of the GDP [gross domestic product] allowed by the IMF (see CARETAS No 704). Inflation, which has already reached 29.9 percent, will not only spiral to a reasonable 55 percent by the end of the year, but will exceed the dangerous three-digit threshold.

### Second Debate

This was in any case the second debate to develop within the government about the viability of certain austerity measures on which the economic team has decided. The preceding week, an order addressed to the public enterprises (and others not so public) requiring the urgent surrender of 80 percent of their profits (or other designated sums) to the public treasury resulted in a clash between the vice minister of economy, Ismael Benavides, and the president of the CONADE [National Development Council], Felipe Ortiz de Zevallos, and when the prime minister departed, the matter still had not been resolved.

Now new differences have arisen, not concerning the need to respect the agreement with the IMF--"because if we abandon the firm determination to achieve the goal," one minister told CARETAS, "we will not even come close to it," but concerning how to handle it politically.

At the conclusion of the council meeting, Pedro Pablo Kuczynski talked with the press about another key subject: the anguishing mining situation. With his characteristically direct style, the minister spoke of the possibility of bankruptcy for "a series of small mining enterprises," and noted the need to choose between sustaining these enterprise and permitting wage increases. He also said that the Southern Peru Copper Corporation has reduced its operations to a minimum, and that "there will probably be some personnel reductions" there.

The earthquake erupted predictably at the Ministry of Labor on Saturday. Grados, who regards Kuczynski as a "serious" minister, nonetheless thinks that the situation should be more wisely handled, working constantly with the labor sector.

### A Mother to the Workers

"A mining enterprise in Peru is a mother to its workers," Grados said. "There, in addition to the job, is the school for the children, the hospital, the

store. In such countries as ours, the job cannot be a fluctuating factor as it is in developed societies, where there are a number of shock absorbers and cushions, such as unemployment compensation."

Grados is a fervent advocate of a financial program to assist the mines to cover their payrolls until the price level for ores regains a certain normalcy, and inviting the 75,000 mining workers to engage in a temporary process of agreement with a view to reduction of their wage demands.

Since the wage agreements are beginning to run out this month, it is urgent that the system be implemented, and a study has been completed by the MEFC. But in a year of austerity and extreme shortage, the difficulties are obvious.

#### Classic Dilemmas

The drama of the mining sector and the internal conflicts to which the austerity measures are giving rise are only some of the classic dilemmas in a crisis which has the most serious international aspects--more serious, perhaps, than those of the 1929 crash. The wage increases decreed by the government fall short of the increase in living costs. The two quarterly increases for non-unionized workers in the private sector come to 21.1 percent to date. But if they were larger, it would be that much more difficult to slow inflation, and the 9 percent general increase for government employees has been criticized as "tiny" by APRA [American Revolutionary Popular Alliance] deputy Fernande Leon de Vivero, but it represents an addition fiscal deficit of 35 billion soles.

Meanwhile, the drop in ore prices is resulting in a loss of some \$800 million on our normal exports, with the comparable reduction in taxes collected, while the monetary and credit restriction measures are accentuating an alarming recession.

In New York, Manuel Ulloa and Grados discussed the emergency, and it was not surprising that on their return, the prime minister addressed a formal message to the nation. At all events, Grados believes that the austerity measures should be accompanied by a full explanation.

#### Party Front

The fact that this is not an election year offers some advantages at least and tempers the attitude of the economists. On the party front, however, complications have already developed concerning the municipal candidacies, and Javier Alva Orlandini, the brand new secretary general of the Popular Action, does not seem prepared to let a single candidate escape his control. And the aggressive rivalry with some of his party colleagues cannot be kept within bounds even by the Architect himself.

For example, Elias Mendoza has said he will run in the municipality of Lima to replace Orrego, and there is every indication that he has Belaunde's blessing. But Alva evidenced his disapproval last week in particularly categorical, and for the first time, amusing, fashion. He said that this candidacy "is laughable. There are those who want to be the bride at every wedding, the corpse at every funeral and the ball in every soccer game."

This evening, as the new plenary session of the AP convened, Belaunde added to the usual reiterated references Alva's so-called "penchant for unity," which sounded a clear warning. "We were together (the Architect and Lechuzon) in what was still my youth. We are together in maturity, and as far as I know, I am with him on the threshold of old age...for which reason, I do not want either of us to spoil this union." Alva, who has recently contradicted some of Belaunde's statements in public, applauded with the rest.

And Yet...

With an economic situation posing difficulties and an internal party front which, despite the wise solution worked out at the last convention, involved complications, anyone would presume that the sympathy of the public has been transferred to the opposition.

This is not the case, and the most recent survey by Datum so indicates.

#### National Survey

Toward the middle of this first half of 1982, the Datum agency undertook a public opinion survey for CARETAS in 11 cities of the country. In April, 2,924 persons 18 years of age or older, making up a representative sampling of the electorate in the urban and provincial zones in question, were interviewed. In a difficult year such as this is, the results provide a very interesting reflection of the national thinking.

Since September 1981, the date of the last public opinion survey in the provinces undertaken by Datum for CARETAS, the changes seen in Belaunde's popularity curve have without a doubt been great (see map).

In September, some 40.6 percent of the people in the provinces approved of the presidential administration, while the percentage in Lima reached 47.2 percent. In the first half of 1981, the favorable percentage in the capital was even higher--56.1 percent. The differences among the provinces derived from unsatisfied regional hopes, reducing the popularity of an eminently charismatic and newly arrived chief executive.

#### Continuing Crisis

Now, with the continuation of the crisis, both levels of approval have dropped, but more in Lima than in the provinces. Thus when the April survey was taken, the figures were 30.5 percent and 28.1 percent. The explanation can be found in the fact that in some instances inflation has dealt a harsher blow to the big city, which has lost all contact with the rural sector, and with the farming relative who could contribute to the family diet.

Belaunde's popularity index in Lima in September precisely reflected the vote he won in May of 1980. Later, for almost a year, the president was more popular than the opposing candidate in almost all of the main cities of the country. Even today, the index of acceptance of his policies in Trujillo (25.2 percent) is higher than the percentage of votes he won (16.31 percent). And in Iquitos,

the figure now is rather better than that in September (see graphic No 3). But this level had reached its lowest point in the balance of the provinces surveyed. In Arequipa and Ica, the attitude has been changing and the curve is like a rollercoaster. Cusco, where Belaunde won with a vote of 66.8 percent, is now the weakest point (22.7 percent), followed by Chimbote (23.75 percent).

Datum also used a "definite unpopularity" index, meaning that those interviewed not only do not favor but indicate opposition to Belaunde's policies. In September, 28 percent of those interviewed in Lima were opposed, and the figure for the provinces was 41.2 percent. During the first half of this year, the definite unpopularity of Belaunde had increased in Lima to 46 percent, but this was not true in the provinces. What happened in cities such as Cusco is that more people refrained from voicing an opinion.

It is said that the bane of many is the consolation of fools, but in politics it reflects a reality. While the index of approval for the president is low, that for the Congress of the Republic is worse yet: only 16.8 percent voiced approval in Lima and only 24 percent in the provinces. Chimbote is the city which most favors the parliament (see graphic No 4), with 33.7 percent, while Cusco is, with the exception of Lima, the most adverse city.

In the capital a kind of indifference toward this state administration can be seen. Of those surveyed, 52 percent have formed no opinion about the efficiency of its activities. In the provinces, on the other hand, only 33 percent expressed no opinion. The explanation is obvious: those in the provinces are linked with the governmental apparatus through their parliamentary representatives. Many of the laws approved or pending approval affect them directly.

For this very reason, the provincial blocs, whether they represent the Popular Action, the APRA or leftist groups, are important political forces.

#### "Car'e Flecha"

Manuel Ulloa continues to be, as in all the other surveys, the best known minister and also the focus of the greatest definite unpopularity, both in Lima and in the provinces. Poor "Car'e Flecha"! Alfonso Grados, for his part, is the most popular minister, but he won only 7.6 percent approval in the provinces as compared to 17 percent in Lima.

As to acceptance of Ulloa's administration in the provinces, approval was expressed by 15 percent in April (see graphic No 5). This is a low level, but it seems to have stabilized, and there is no longer such an abysmal difference from that of the president (see graphic No 6).

#### The Problem

The problem for both men and the government as a whole is the shortage of jobs, rising living costs, in brief, the economic crisis--the three main questions mentioned by 50.4 percent of those surveyed throughout the country (see graphic No 7).

In April, terrorism was the supreme concern of 25.9 percent, and 60 percent of those interviewed in the provinces expressed the belief that the armed forces should take the struggle against terrorism in hand. Curiously, this belief is much firmer in the regions least affected (see graphic No 8). In February, only 10.8 percent favored a military government in another Datum survey (as compared to 66.4 percent in favor of "a democratic government like the present one"). Thus it is necessary to avoid confusing matters.

However, the dilemmas facing any government during an acute economic crisis, in which attractive political measures must be sacrificed in favor of painful fiscal austerity, could well have turned preferences toward the opposition.

#### AP-PPC Strongest

The Datum survey shows that if indeed there have been some changes, the Popular Action and the Popular Christian Party (PPC) have not lost their dominance (see graphic No 9).

In Lima, the Popular Action continues to be the party winning the highest preference, followed by the PPC. The leader now in the provinces is the APRA, followed by the AP and the IU (6.8 percent). Furthermore, in the weighted national total, the AP clearly surpasses the APRA, and the PPC outweighs the leftist groups. If it is indeed a known fact that a certain percentage of the leftist sympathizers tend in a survey to conceal their preference, it is obvious that nowadays, an electoral alliance between the AP and the PPC would outdo any contender.

Finally, Datum asked which candidate or political group those interviewed would vote for if presidential elections were held now. As in an earlier survey published in CARETAS, Luis Bedoya was the individual winning the greatest personal preference in Lima, outdoing Belaunde by more than two to one (see graphic No 2) as well as in the weighted national figure. But Belaunde leads in the provinces.

Moreover, if we add together support of an AP candidate, and where the APRA is concerned, add the limited references made to Armando Villanueva and Andres Townsend to those for the party, we have two forces which are almost tied and which outweigh Bedoya and the PPC (see graphic No 1).

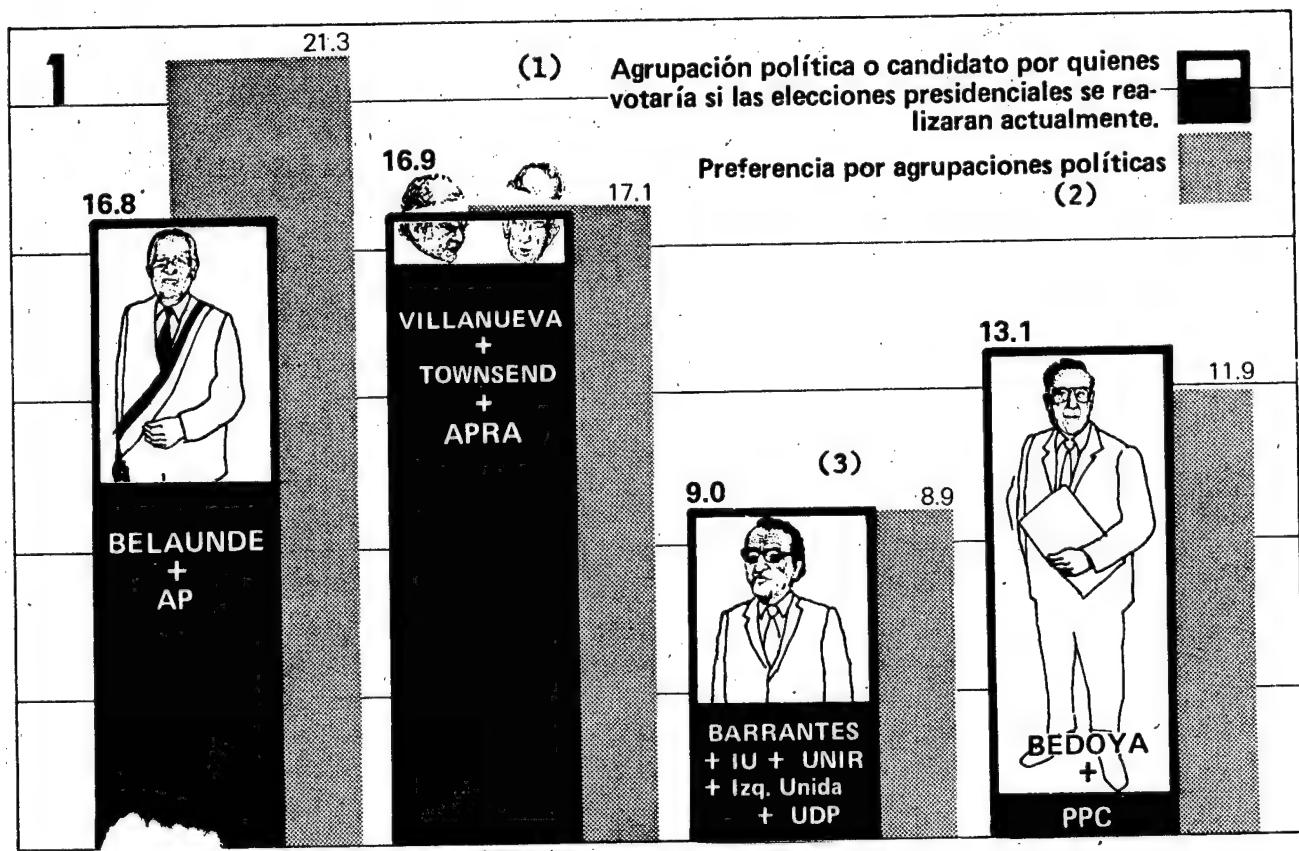
Alfonso Barrantes, to whom reference was made almost as often as to Belaunde in Lima, is less important in the provinces, and adding all the leftist preferences together, he only ranks fourth.

#### Belaunde Again

The conclusions are as follows. The APRA remains a more or less solid force--a fifth of the electorate today--but it has no dominant candidate or personality. On the other hand, the PPC seems to be merely one of the "Toucan's" feathers. Bedoya is much more important than his party.

The leftist groups, on the other hand, should set aside this very typical zeal and realize that Barrantes, "the Crow," counts with the voters--at least in Lima.

Finally, the fact that the constitution prevents Belaunde from running for reelection may affect his "rating," even in this hypothetical survey. While 29.8 percent of those surveyed said they approve of his government administration, it is hard to believe that only 7.7 percent would vote for him again. In any case, despite the panorama which is riddled with difficulties, the AP appears to be an established party and there is every indication that if there were an election today, Belaunde would win again.



Bedoya appears as the favorite in this hypothetical presidential election, but some of those surveyed may not have answered "Belaunde" because of the fact that he is prohibited from running again. In any case, the preferences expressed for the AP and the APRA exceed those expressed for Bedoya + the PPC and Barantes + the leftist groups, the men and parties which are strongest in Lima (see next graphic).

Key:

1. Political group or candidate for whom you would vote if a presidential election were held now.
2. Preference by political group.
3. Barrantes + UI [Unity of the Left] + UNIR + United Left + UDP [Popular Democratic Union]

(1) AGRUPACION POLITICA O CANDIDATO POR QUIENES VOTARIA SI LAS ELECCIONES PRESIDENCIALES SE REALIZARAN ACTUALMENTE				
	(2)	TOTAL PONDERADO	PROVINCIAS (3)	(4) GRAN LIMA
	<b>2</b>			
	Luis Bedoya	11.9	3.0	16.0
	Fernando Belaunde	7.7	5.4	8.8
	Alfonso Barrantes	5.2	0.3	7.5
	Armando Villanueva	1.0	3.2	—
	Andrés Townsend	0.3	1.0	—
	Hugo Blanco	0.3	0.9	—
	Otras personalidades* (5)	2.9	3.4	2.5
	Apri	15.8	15.9	15.5
(6)	Acción Popular	8.9	11.6	7.7
	Izquierda Unida (7)	1.9	6.1	—
(8)	Izquierda	1.3	2.0	1.0
	Partido Popular Cristiano (9)	1.2	3.7	—
	Unir	0.2	0.7	—
	U.D.P.	0.1	0.4	—
	Otras agrupaciones** (10)	1.1	3.6	—
(11)	Por ninguno	24.6	10.8	30.8
	En blanco (12)	1.1	3.6	—
	No sabe/no responde (13)	14.7	24.4	10.2
	BASE: Total de entrevistas. (14)			
	* Mufarech, Javier Alva Orlandini, Morales Bermúdez...			
	** Militar, Independiente, P.C.P. ...			

Key:

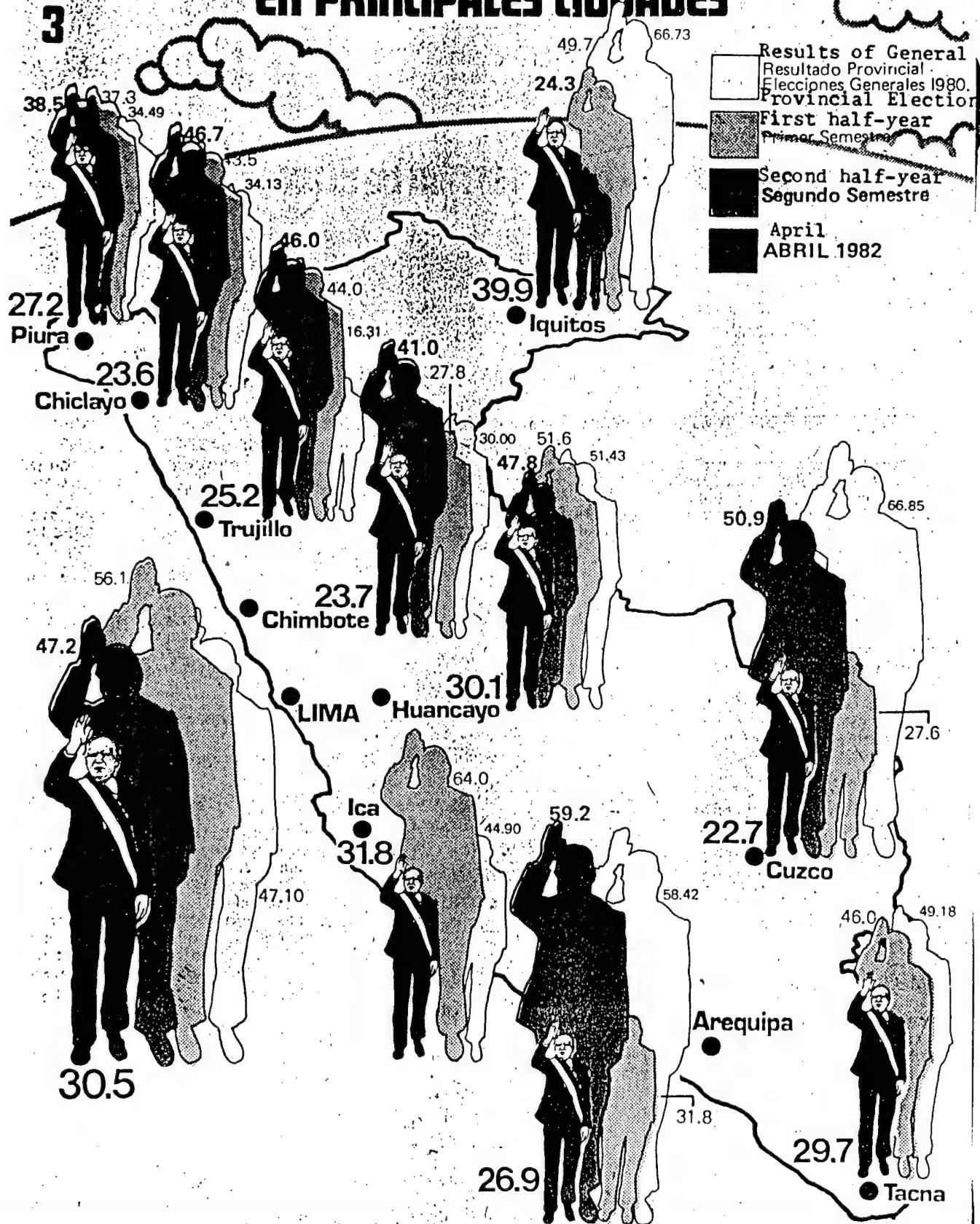
1. Political group or candidate for whom you would vote if a presidential election were held now
2. Weighted total
3. Provinces
4. Greater Lima
5. Other individuals\*
6. Popular Action
7. United Left
8. Left
9. Popular Christian Party
10. Other groups\*\*
11. No one
12. Blank
13. Don't know or no answer
14. Base: Total interviewed

\* Mufarech, Javier Alva Orlandini, Morales Bermudez

\*\*Military, independent, PCP [Peruvian Communist Party]

CURVE SHOWING BELAUNDE'S POPULARITY IN THE PRINCIPAL CITIES

# CURVA DE POPULARIDAD DE BELAUNDE EN PRINCIPALES CIUDADES



ACEPTACION DE LA ACTUACION PUBLICA QUE VIENE DESARROLLANDO EL  
 (1) CONGRESO DE LA REPUBLICA

**4**

(3)

	TOTAL	AREQUIPA	CUSCO	CHICLAYO	CHIMBOTE	HUANCAYO	ICA	IQUITOS	PIURA/ SULLANA	TACNA	TRUJILLO
(2)											
Aprueba	24.0	21.1	18.8	21.9	33.7	21.1	20.1	28.5	26.8	23.1	25.2
Desaprueba	43.0	39.1	12.2	40.8	54.3	46.8	55.9	58.6	48.4	33.1	36.6
No sabe/ (4)	33.0	39.8	69.0	37.3	12.0	32.1	24.0	12.9	24.8	43.8	38.2
No responde											

There is less approval for the congress than support for Belaunde, Above all in Lima, where only 16.8 percent approve of the administration and 52 percent expressed no opinion.

Key:

1. Acceptance of the public administration the Congress of the Republic has been implementing
2. Approve
3. Disapprove
4. Don't know or no answer

ACEPTACION DE LA GESTION DEL ARQUITECTO BELAUNDE COMO PRESIDENTE  
 (1) DE LA REPUBLICA

**5**

(2)	Aprueba	28.1	26.9	22.7	23.6	23.7	30.1	31.8	39.9	27.2	29.7	25.2
	Desaprueba (3)	41.7	43.7	22.4	39.1	66.0	52.2	29.5	41.5	30.2	38.9	53.5
(4)	No sabe/no responde	30.2	29.4	54.9	37.3	10.3	17.7	38.7	18.6	42.6	31.4	21.3

**(5) ACEPTACION DE LA GESTION DE ULLOA**

**5**

(2)	Aprueba	15.0	9.7	21.1	17.3	6.1	14.4	7.5	21.3	17.1	18.3	18.9
	Desaprueba (3)	64.6	73.8	56.9	52.0	78.4	72.6	71.4	62.7	57.1	62.4	56.7
(4)	No sabe/no responde	20.4	16.5	22.0	30.7	15.5	13.0	21.1	16.0	25.8	19.3	24.4



Limited support for Ulloa's administration has stabilized, and now at least the disparity with support of the president is not so drastic.

Key:

1. Acceptance of Architect Belaunde's administration as president of the republic
2. Approve
3. Disapprove
4. Don't know or no answer
5. Acceptance of Ulloa's administration

PRINCIPALES PROBLEMAS DEL PAÍS EN OPINIÓN DE LOS ENTREVISTADOS			
(1)	TOTAL PONDERADO	PROVINCIAS (3)	GRAN LIMA (4)
7			
(5) Terrorismo	25.9	23.2	27.2
Falta de trabajo (6)	22.4	24.4	21.5
(7) Alza del costo de vida	18.4	12.3	21.2
Crisis económica (8)	9.6	30.5	—
(9) La educación	5.9	3.6	7.0
La alimentación (10)	4.9	2.2	8.2
(11) La centralización	4.1	—	6.0
El transporte (12)	3.7	0.3	5.2
(13) La inflación	1.1	3.6	—
La delincuencia (14)	0.9	2.9	—
(15) Otros problemas*	28.9	22.1	32.0
No sabe/no responde (16)	20.2	16.4	22.0
BASE: Total de entrevistas: (17)			
* La corrupción, las drogas, la vivienda, las huelgas, el analfabetismo, mala administración del gobierno...			

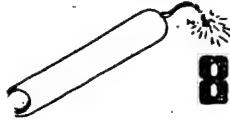
Economic problems taken together outweigh terrorism.

Key:

1. Principal problems of the country in the opinion of those interviewed
2. Weighted total
3. Provinces
4. Greater Lima
5. Terrorism
6. Lack of work
7. Rising living costs
8. Economic crisis
9. Education
10. Food
11. Centralization
12. Transportation
13. Inflation
14. Crime
15. Other problems\*
16. Don't know or no answer
17. Base: Total interviewed

\*Corruption, drugs, housing, strikes, illiteracy, poor government administration.

**(1) CREENCIA EN QUE LAS FF.AA. DEBEN TOMAR EN SUS MANOS LA LUCHA CONTRA EL TERRORISMO**



	TOTAL	AREQUIPA	CUSCO	CHICLAYO	CHIMBOTE	HUANCAYO	ICA	IKUITOS	PIURA/ SULLANA	TACNA	TRUJILLO
(2) Sí cree	60.0	44.5	48.2	51.0	70.4	49.8	64.0	82.6	61.1	62.8	66.9
(4) No cree (3)	21.6	41.2	37.3	23.0	23.4	23.4	6.5	11.0	11.4	21.7	19.7
(4) No sabe/no responde	18.4	14.3	14.5	26.0	6.2	26.8	29.5	6.5	27.5	15.5	13.4

The majority favors entrusting the antiterrorist struggle to the armed forces, particularly in the areas where there is least terrorism.

Key:

1. Belief that the armed forces should take the antiterrorist struggle in hand
2. Believe it should
3. Do not believe it should
4. Don't know or no answer

**PREFERENCIAS POR AGRUPACIONES POLITICAS  
(1) ENTRE LOS ENTREVISTADOS**

**9**

	(2) TOTAL PONDERADO	PROVINCIAS (3)	(4) GRAN LIMA
(5) Acción Popular	21.3	20.8	21.5
Apra (6)	17.1	24.0	14.0
(7) Partido Popular Cristiano	11.9	6.1	14.5
Izquierda Unida (8)	5.8	6.8	5.3
(9) Partido Comunista Peruano	1.6	0.2	2.2
Izquierda (10)	0.6	2.0	—
U.D.P.	0.5	0.4	0.5
UNIR	0.4	1.2	—
(11) Otros partidos*	2.7	4.6	2.0
Con ninguno (12)	33.7	20.9	39.5
(13) No sabe/no responde	4.4	13.0	0.5
<b>(14) Demócratico, Independiente, PADIN, PRT...</b>			

AP in Lima and in the weighted total; APRA in the provinces

Key:

1. Preferences for political groups among those interviewed
2. Weighted total
3. Provinces
4. Greater Lima
5. Popular Action
6. American Revolutionary Popular Alliance
7. Popular Christian Party
8. United Left
9. Peruvian Communist Party
10. Left
11. Other parties
12. None
13. Don't know or no answer
14. Democratic, Independent, PADIN, PRT

## APRA REPORTEDLY SEEKS RAPROCHEMENT WITH RETIRED OFFICERS

Lima CARETAS in Spanish 12 Jul 82 p 15

[Article by Manuel D'Ornellas]

[Text] Exactly 50 years after the bloody Trujillo revolution, the Apristas have launched a drive to attract retired military figures. In plain language, the staff of Haya de la Torre's party invites retired officers--like General Mercado Jarrin--to give speeches in their political headquarters and offers the best pages of the party's official publication--LA TRIBUNA--to Francisco Morales Bermudez.

This is the result of a long process, rooted precisely in that popular revolt in the north in 1932. Vows, proscriptions, annulled elections, banishments: the history of Aprismo since "the year of cruelty"--as William Thorndike dubbed it--is replete with these. And these measures began or were inspired in the barracks.

The worst phase, perhaps, was between 1948 and 1956, during the administration of Manuel A. Odria. But that did not prevent the APRA [American Revolutionary Popular Alliance] from making a pact--on the parliamentary level and on an electoral scale--with the party founded by the former dictator, the most outstanding personality of which, incidentally, was Julio de la Piedra, and acid-tongued parliamentarian and biting polemicist.

During the last military dictatorship, the panegyrists of the "Peruvian revolution"--from Carlos Delgado to Velasco himself--hurled insults at the APRA, calling it a "submissive movement" and accusing it of subservience. Out of that insult factory came General Mercado Jarrin, who served as foreign minister and prime minister, in succession. But even that record did not keep Fernando Leon de Vivero from embracing the former prime minister last Friday.

With the arrival of Morales Bermudez at the head of the government in 1975, a policy was begun of thawing relations between the military government and the Apristas, with an olive branch being offered, in a memorable speech, to Haya de la Torre. The founder of APRA was later elected president of the Constituent Assembly, and the executive branch of the time (headed by FMB) decorated him on his deathbed.

So that explains why LA TRIBUNA devoted three pages of its latest edition to Morales Bermudez who, of course, is grateful for the courtesy, which covers Aprismo, Haya and Leon de Vivero with flowers. On the other hand, it is not clear why the Apristas find it convenient to have General Mercado lecture in their classrooms. Morales Bermudez might well be the PAP [Aprista Party of Peru] presidential candidate in 1985, but we do not see what function Mercado might fulfill at or before that time.

In any case, both attitudes--which are contradictory, since Mercado and Morales have been avoiding each other publicly--reveal that the Trujillo affair continues to weigh upon Alfonso Ugarte and that the Aprista leadership loses out somewhat in dealing with the military.

In any case, the only thing the Apristas can achieve with these attitudes is to present themselves to public opinion as the civilian group which will continue the military regime--something which, although scarcely mentioned during the 1980 election campaign, perhaps was a decisive factor in the defeat of Armando Villanueva.

A second and even a third historical error of the APRA, in addition. Because to what point were its chances for victory in 1962 and 1963 damaged, perhaps, by its association with the Prado government, and how much was its triumphal rise, in the 1930's, undermined by the suspicion that within APRA, buried under everything was a continued allegiance to Leguia?

A subject for the historians. However, as journalists, it is our job to point out the present weakness of APRA as opposed to the retired military officers.

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## ALTERNATIVE MEASURES TO FIGHT TERRORISM SUGGESTED

Lima CARETAS in Spanish 12 Jul 82 p 22

[Article by Gustavo Gorriti Ellenbogen]

[Text] "It is he who does not fear to die by being cut in a thousand pieces who dares to unseat the emperor." Chinese opera? Unfortunately, no. Rather it is the quotation that opens the Shining Path pamphlet, "Let's Get On With the Guerrilla War." The pamphlet, distributed initially in Ocopa and then to several radio stations, heralded the renewal of terrorist activities, which this week brought death and destruction to Nana (see below) as well as to the area most affected: Ayacucho and Apurimac. In Ayachucho the Ayrabamba Fund was attacked, with hostages taken, plantations burned and machinery blown up. In Apurimac the Occobamba Police Station was attacked, and Civil Guard Corporal Augusto Buleje was treacherously murdered.

The factor common to all the action is that it is being carried out along the same axis: the Pampas river, from both banks of which the terrorist groups operate. The area, which is difficult and steep, permits rapid withdrawal and dispersal, and it makes sustained pursuit by the police difficult.

It is certain at this stage that the Shining Path retreat, caused by police raids in Ayacucho in the 3 previous months, has ended, and that one may expect a renewed outbreak of attacks by the group, and those attacks will be suited to whatever opportunity is afforded by the degree of efficiency of the police.

The reappearance of terrorist activity was expected, since during the state of emergency in Ayacucho there were no arrests of important Shining Path leaders, nor was the organization broken up. However, it must be recognized that to have forced a rapid withdrawal of the terrorists, not without losses, and regained the initiative for the forces of order represented a remarkable success at the time, particularly considering the dearth of means to accomplish such a mission.

However, the early optimism of the interior minister, FAP [Peruvian Armed Forces] Gen (ret) Jose Gagliardi Schiaffino, when he said that terrorism is "under control," now sounds a little empty. And offering asylum to a very active--as far as we can see--Abimael Guzman, seems at best naive and lacking sound judgment.

But from there to requesting--as deputy Enrique Chirinos Soto did--a declaration of a state of national emergency is a considerable distance, not only because the situation is not serious enough to warrant such a measure, but also because it is difficult to see of what use it would be.

The death penalty? After the murder of the members of the Civil Guard in Nana, some parliamentarians--among them PPC [Popular Christian Party] member Oscar Olivares Montano, a retired CG [Civil Guard] general--suggested the need for an immediate change in the constitution, to legalize capital punishment. The families of the murdered guardsmen and the wives of lower-ranking personnel who took over the Santo Domingo Convent briefly last week have joined in asking for reinstatement of the death penalty.

Outside the questions of principle involved, all this is basically an emotional reaction to a problem which has several unresolved, practical aspects. One of them, for example--as Deputy Ramirez del Villar pointed out--is the unwieldiness and slowness of the judicial system in trying those accused of terrorism.

The main thing, certainly, is to bring the oriental ravings of Abimael and his cadres to the courts, which to date does not appear to be on the way to being achieved.

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## BELAUNDE SEEKS CLOSER RELATIONSHIP WITH ARMED FORCES

Lima EQUIS X in Spanish 12 Jul 82 pp 22-23

[Article by Julio Desar Gaitan]

[Text] The Army High Command gave a luncheon recently for President of the Republic Fernando Belaunde Terry in the Academic Center of the military institute in Chorrillos.

EXPRESO, Manuel Ulloa's pro-American newspaper, manipulating the news as usual, presented the banquet as an expression of the army's support for government policies.

The truth is otherwise.

About 2 weeks ago, President Belaunce told the war minister, Gen Luis Cisneros Vizquerra, that he was aware of his lack of contact with the army leadership and that this was due to the heavy burdens he has borne since he assumed the presidency on 28 July 1980.

In view of this situation the chief of state suggested to General Cisneros the need to organize a meeting between him and the upper-echelon army officers. The war minister asked him if he would accept an invitation to lunch with the High Command. President Belaunde replied that he would attend such a luncheon with great pleasure.

And so "El Gaucho" communicated the presidential wish to the commander general of the army, Gen Francisco Miranda Vargas, who, in consultation with the regional commanders, selected the date for the banquet.

Military circles say that one of the reasons Belaunde suggested the meeting was his concern about General Cisneros' repeated trips to the interior of the country to visit the various military garrisons.

General Cisnero's travels could be for military-political coordination, since visits for strictly military inspection purposes are made by the commander general. The minister of war tours the military regions sounding out the opinions of officials on the situation in the country and explaining his points of view concerning basic topics, such as the Malvinas.

They are not, however, meetings of a traditionally political nature, and even less are they conspiratorial. Nothing is said or done in them which might upset the constitutional bases of the armed forces. What takes place is a normal exchange of information. The fact is, officialdom is interested in the overall problems of the country and the international situation. They are important meetings, and conducting them is the minister's job.

President Belaunde probably expressed his wish that General Cisneros not be the only member of the government to have such contacts, and so he himself took the initiative in meeting with the High Command.

Attending the luncheon were the commander general and his entire general staff, the commanders of the five military regions and the heads of the large units stationed in Lima. Of course it was not a meeting to express support for government policies, as EXPRESO mistakenly reported.

Nor could it have been, nor did it have any cause to be such a meeting; [it was] simply a ceremonial meeting, one of protocol, at which there were no speeches and political subjects were not discussed.

Such political subjects, however, deeply concern not only the High Command, but the entire officers corps. Among them: the denationalization of public enterprises, the deterioration, which apparently cannot be contained, of the national economy; and growing administrative corruption, which affects the bases of stability in the internal order even in the immediate future.

The resurgence of terrorism, on the other hand, is causing a great feeling of frustration with the government's inability to put an end to it, and has been the motive for not a few command and intelligence meetings to find a solution to the problem.

Another serious concern of the army is the growing arsenal of weapons in Chile and in Ecuador, which is a much greater threat to our security now than before the Malvinas war, given the fact that the defeat of Argentina has neutralized, for several years, our only trustworthy potential ally.

All these matters, of course, were not discussed at the luncheon at the Academic Center. "And it is better that they were not," as one general said, "because if they had been, we would have disagreed with government policy on all points, and we cannot have a situation in which the High Command and the chief of state disagree on such serious points, unless the situation unavoidably demands it." However, the army does have an opinion on these matters, and it is no secret to anyone, not even the president of the republic. That military opinion agrees with the growing popular protest, and the convergence of those two elements is dangerously isolating the top government leaders.

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COUNTRY SECTION

PERU

BRIEFS

ARMY INTELLIGENCE CRITICIZES GOVERNMENT--Our friends in the Army Intelligence Detachment [DIE] tell us that the staff of that institution considers the government solely responsible for the renewed outbreak of terrorism. In effect, the government has not had the decisiveness and the capability to force the police forces to take the offensive--rather than being on the defensive and waiting at their posts or in the cities for an unexpected attack like the one on Nana--and to pursue and harass the terrorists. The police have no plan to encircle and annihilate the nearly three groups of guerrillas that operate in the mountainous areas or along the edge of the jungle. And not because the Interior Ministry has not asked them (ordered would be better, but that is not so, since we have a weak minister in charge there) to pursue the terrorists, but because the PIP [Peruvian Investigative Police] and GC officers (with some very worthy exceptions) are scared to death. Our friends in the DIE gave us an example. The chief of the PIP in Ayacucho, Colonel Morales Vega, refused to accompany his people in an armed action. So he has been transferred to Huancavelica and has been charged with cowardice. The DIE boys are fit to be tied, because Morales Vega studied intelligence in the United States and in the Soviet Union. The nation's money down the drain. [Text] [Lima EQUIS X in Spanish 12 Jul 82 p 12] 8735

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END